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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME ELEVEN

PHOENIX, ARIZONA, JANUARY, 1924

NUMBER ONE

FEB 15 1924

UNIVERSITY OF ILLINOIS

## A PYRAMID OF COUNTY TAXES FOR THE YEAR 1923

County	Total County Tax
APACHE .....	\$156,702.07
GRAHAM .....	\$176,697.56
NAVAJO .....	\$ 188,919.01
SANTA CRUZ .....	\$ 219,961.80
COCONINO .....	\$263,641.74
GREENLEE .....	\$ 288,128.83
MOHAVE .....	\$300,304.50
PINAL .....	\$368,851.13
YUMA .....	\$379,593.83
PIMA .....	\$657,411.62
GILA .....	\$803,908.97
YAVAPAI .....	\$855,741.82
COCHISE .....	\$867,230.05
MARICOPA .....	\$1,577,805.38
	<hr/>
	\$7,104,898.31

The foregoing table shows the amounts of taxes raised in each county of the state for county purposes, including general school taxes spread at large upon all the taxable property in such counties. The \$7,104,898.31 total does not include special taxes levied in particular school districts which are levied in addition to such school taxes levied by the counties; nor does that total include other special district taxes.



## EDITORIAL COMMENT

### The Burden of Public Expenditures is Borne in Part by Every Member of the Public

**"High taxes reach everywhere and burden every body. They bear most heavily upon the poor. They diminish industry and commerce. They increase the rates on transportation. They are a charge on every necessity of life." From President Coolidge's Message to Congress.**

The truism of the above statement is one that is becoming more and more recognized, the more and more the people are making a study of the question of taxation, as they are doing now that the question of tax burden as reflected upon and into the other questions which are being considered in connection with reasons why industrial and commercial progress is not so marked at present as it has been in the past and when the item of aggregate drain upon private resources and private incomes due to amounts required for governmental purposes of all kinds, national, state, county, city, and other municipal purposes, now present aggregate amounts greater than ever known in the history of the United States, and when, as at present the growth of purposes, the increase in kinds of purposes, and the unending increased demands that governmental activities be still more extended into new and wider fields, have already increased the aggregates of all public expenditures from figures which not over ten years ago could be expressed within the limits of millions of dollars, to figures which go into the billions at present, and the end of that increase not yet in sight.

#### **Wealth of Country not decreased but that Wealth is Bearing too Heavy Burdens for Continued General Prosperity**

The wealth of the country has not decreased. The constantly revolving use of that wealth in the wheels of industry, trade, and commercial pursuit has not lessened, if truth be found in the compilations of official figures which bear upon the business affairs of our country. Those official figures show increased volumes of business, and otherwise show such increases as would speak for profits to capital invested in the industries, as would speak for easier times for wage earners, and speak generally for general

prosperity among the citizens of our country individually and collectively. But while those figures which are official are such figures as should exist only when there is in fact the actual prosperity, such prosperity as would mean the increase in profits to business endeavors, the increased savings among the wage-earners and toilers, the cause is in fact apparently present, but the effect is for some reason or other not here. Something is clogging the wheels, the machinery seems to be working to full capacity with the same comparative energy as heretofore exerted, but somehow and for some cause, things do not seem to move ahead as they used to do, under the same conditions. The mechanics are looking for the trouble. And strange as it may seem, the enormously high taxes, are now being pointed out as one of the leading troubles which holds the situation at a standstill. The people are all interested in having the wheels of progress again moving smoothly, they look from one to the other with accusing eyes, suggestive of the thought that the other fellow is putting sand in the oil, as a reason why those wheels do not swiften their speed. For the first time it has been brought to their attention that perhaps each of them have had a hand in mixing the oil and sand.

#### **The Other Fellow Does Not Pay All The Taxes**

When President Coolidge gave expression to the truth that: "High taxes reach everywhere and burden everybody." He virtually exploded a bomb among the ranks of some members of the public who clamor for increased expenditures of public money and do so with a feeling of safety behind bomb-proof safety from taxes to meet those expenditures, a safety believed by them to exist in the time worn idea that "the other fellow pays the taxes," and the similar thought, "that the money expended for government does not come out of my pockets, so why not spend all we can get." A bomb exploded in that false sense of security and immunity from any share of the aggregate of public burdens represented by taxes made necessary through appropriations for

expenditures of public money, which hit also the ranks of those members of the public, who may have been wholly indifferent as to what the cost may be, people who never exploited any new public venture, nor never supported nor opposed such a venture, treating such matters as of no concern to them or if concerned at all, measured the extent of that concern by the dollars and cents appearing at the foot of their direct tax statement when they paid those taxes annually.

Realizing that high taxes reach everywhere and burden everybody, and realizing also that taxes do bear most heavily upon the poor, new lines of action are suggested to the entire public. The first in that suggestion is that every citizen is financially interested in every proposition which directly or indirectly increases or decreases the amount necessary to finance public ventures. To those who may have urged increased public expenditures, through any feeling of being immune from any resulting cost to them, the truth that they must share the burden of what they require from the public, i. e. that they must dig into their purses to help pay for what they require, should change their attitude upon the whole subject. To those who measured the cost, and did so from the footings of their "direct taxes" receipts, the fact that such receipts do not show the whole portion of individual burdens which result from the aggregate of public expenditures, the fact that what may be paid by each individual in direct taxes, is in fact but a small portion of the burden indirectly paid by him or her, are all facts which should arouse taxpayers who have heretofore used a false measure as to their own financial interest in public matters affecting taxation.

#### **Public Burdens When Decreased to Normal proportions Compared With Private Incomes Will Again Result in Prosperity**

Thus the situation when lined up for effective action is such that requires some action by everybody. If the great burden of public expenditures and resulting taxes, is to be removed or lessened, and finally brought down to nor-



mal proportions in comparison with the results of private business activities, the results of labor and toil of wage-earners, so as not to be an excessive burden thereon and so as not to become a drag upon commercial progress, all elements of the public must unite to the end of bringing about that result. The entire public must act upon the realization brought home, that the rich do not pay all the taxes, that no man is exempt from payment of taxes simply because not on the tax rolls, that the passing of the burden of direct taxes from one class of property

to another class for direct payment of a greater portion, is not a remedy if it may be an apparently temporary transfer of the burden. The only permanent relief which will permanently restore the normal relation which should exist between public business and private business as to what the latter should and can safely lend to the support of the former, will come from united efforts of all citizens towards a reduction in items, purposes, and uses for which public funds are required, and by so doing lessen the aggre-

gate, and thus lighten the entirety of the burden from the shoulders of every individual of the public.

All are affected by the present high tax situation. The all of the public is the real government. Until that all speaks in the majority, and speaks effectively towards reductions no other power can so speak. The burden of taxation is the peoples' burden. They have directly and indirectly created that burden. They alone as the interested ones, can affect a charge towards a required reduction.

## "FACTS AND FICTION"

The above is the name under which a new publication appears from San Antonio, Texas. The announcement is made therein that the "Facts" will deal with matters of public concern, factors in our social and political life about which all of us should be kept fully advised. That in the work therein undertaken is the publisher's hope that his readers, designated as "country men and country women of his, who are in truth the guardians of our state's future, may dedicate their high character and wholesome aspirations to the upbuilding of our social and industrial life while at the same time conserving our resources against wasteful tendencies." The publication intends to challenge the attention of the reading public to economic truths as to public finances, taxation, and expenditures, by intermingling facts and figures bearing upon those matters, with clean and wholesome stories. Hence the "Fiction" end of the title.

The "FOREWORD" of the publication shows that its serious purpose will be to speak to the people of Texas upon subjects akin to those dealt with through the publications of taxpayers' associations of other states. That foreword is as follows.—

### "FOREWORD."

"As related to the public service incidents recorded in these pages are grounded in incontrovertible truth. They reflect tendencies in our governmental life, legislative no less than administrative, deep-rooted with the growth of years, too often nurtured by considerations of political expediency or personal concern rather than patriotic effort for the public good; tendencies

which if not checked by the axe of an awakened public conscience wielded by a kindled public intelligence will, with the advancing years, drain private industry to the point of exhaustion. There is scarcely an American common-wealth but that is seeking relief from oppressive cost of the public service. In many States men and women tax-payers grown weary under the weight of legislative indifference are organizing in the interest of retrenchment, demanding of their law-making tribunals that they harken less to the call of those who would spend the public revenue and more to the voice of those who must pay the public tax.

Call a halt! There can be no such thing as right when such alleged right is grounded in conscious wrong. If it were practicable to submit for approval to an informed public the increasing multitude of items entering into legislative budgets, a no inconsiderable part would be overwhelmingly rejected as non-essential to the public need and little short of embezzlement of the people's substance.

If perchance these pages may be read by men and women of Texas who in the quiet of private life perceive the trend of public wrong may they become awakened to the growing menace and take a stand in defense of those high principles which when translated into action mean neither more nor less than government responsive to, and in sympathy with, the people who constitute it."

The fact that the publisher of "FACTS AND FICTION" has entered the field for public enlightenment and public education along the lines of above foreword, is just another fact showing that the conservative thinkers of today are becoming aroused to the situation produced by an indiscriminate and con-

tinued increase in the amount of public expenditures. Are fast coming to a realization of the fact that financial breakers are not far distant, unless the course of public demand, satisfied only through more and more expenditures for what are termed public purposes, is changed and changed quickly towards a course directed to economy in such matters. The conservative public looking ahead sees that the ship of state cannot continue in any course towards progress and prosperity of the people, if the hold of the ship is loaded to the decks with surplus and unproductive burdens, and with that load under decks, attempts are continued to find more and more room above decks for further surplus burdens, for all of which the public must pay the freights in the way of direct or indirect taxes, or directly or indirectly for reason of such taxes. To conservative thinkers the ship of state is today laboring upon the very crest of a storm of high tax burdens. To those thinkers the problem is no longer one of how much more of similar burdens that ship can stand and weather through, but of how much of that burden can be cast overboard, and how many of the present crew, of present officers, deck-hands, and awaiting stevedores may be dispensed with, and leave that ship still adequately and efficiently officered and manned, and still able to continue the course which was outlined when founded, on towards the haven of progress and prosperity, and continue to do so with the same sureness which marked that course prior to the present era of new ideas for public activities, with their resultant burdens in high taxes and enlarged and multiplied amounts of public expenditures.



## More Details as to Outstanding Bonded Indebtedness In Arizona

The State Tax Commission has prepared a comparative statement showing the total outstanding bonded debt of

the state of Arizona and its political subdivisions, as that debt existed as of date June 30, 1922, and as of date June 30,

1923, all so segregated as to show the public purposes of the various bond issues. The table follows:—

STATE BONDS	June 30, 1922	June 30, 1923	Increase	Decrease
Funding Bonds .....	\$ 709,972.43	\$ 709,972.43		
Capitol Building Bonds .....	\$ 42,000.00	\$ 32,000.00		\$ 10,000.00
Asylum Building Bonds .....	\$ 20,000.00	\$ 20,000.00		
St. Louis Exposition Bonds .....	\$ 30,000.00	\$		\$ 30,000.00
University Experimental Station Bonds .....	\$ 11,000.00	\$ 11,000.00		
Total State Bonds .....	\$ 812,972.43	\$ 772,972.43		\$ 40,000.00
<b>GENERAL COUNTY BONDS</b>				
Road Bonds .....	\$18,501,000.00	\$18,321,000.00		\$ 180,000.00
Court House and Jail Bonds .....	\$ 555,000.00	\$ 517,000.00		\$ 38,000.00
High School Bonds .....	\$ 60,000.00	\$ 60,000.00		
Hospital Bonds .....	\$ 80,000.00	\$ 80,000.00		
*Funding Bonds .....	\$ 2,483,169.57	\$ 2,398,169.57		\$ 85,000.00
Total General County Bonds .....	\$21,679,169.57	\$21,376,169.57		\$ 303,000.00
<b>SPECIAL DISTRICT BONDS</b>				
School District Bonds .....	\$ 9,843,850.00	\$10,238,050.00	\$ 394,200.00	
Drainage District Bonds .....	\$ 281,000.00	\$ 284,500.00	\$ 3,500.00	
Irrigation District Bonds .....	\$ 60,000.00	\$ 345,000.00	\$ 285,000.00	
Total Special District Bonds .....	\$10,184,850.00	\$10,867,550.00	\$ 682,700.00	
<b>CITY AND TOWN BONDS</b>				
Water Works, Electric Light and Gas Bonds .....	\$ 5,778,000.00	\$ 5,722,650.00		\$ 55,350.00
Sewer Bonds .....	\$ 1,854,500.00	\$ 2,013,500.00	\$ 159,000.00	
Street and Road Improvement Bonds .....	\$ 810,720.64	\$ 1,009,214.54	\$ 198,493.90	
Municipal Building Bonds .....	\$ 149,000.00	\$ 199,500.00	\$ 50,500.00	
General Municipal Improvement Bonds .....	\$ 739,500.00	\$ 608,129.00		\$ 131,371.00
Funding Bonds .....	\$ 653,397.99	\$ 706,997.99	\$ 53,600.00	
Total City and Town Bonds .....	\$ 9,985,118.63	\$10,259,991.53	\$ 274,872.90	
Total of All Bonds Outstanding .....	\$42,662,110.63	\$43,276,683.53	\$ 614,572.90	

\*Includes \$868,805.82 "Railroad Bonds" Principal and Interest to be paid out of the "County Bonds Land Grant Fund."

The table shows a total of \$43,276,683.53 of bonds still outstanding, and upon which a total of \$2,363,005.09, in interest is annually paid by the tax payers of the state. The average rate of interest paid upon such bonds is also computed by the Tax Commission to be five and 55-100th. per cent per annum. The reports upon which the foregoing table is based, show that there should, exist an amount available towards redemption of the bonds of \$3,571,674.68,

and which as a matter of bookkeeping would show a net remaining bonded indebtedness of \$39,705,008.85, on account of all the bonds referred to in the table. It would be interesting to know, just how much of that \$3,571,674.68 of redemption funds, is actually in hand in the various public treasuries of the state, and actually so segregated as to be intact so that the entire amount could be produced on a show down. Or, to know how much of redemption funds have been temporarily "borrowed" to

meet current warrants for other purposes of the several counties, cities, towns, and other subdivisions listed in the table. There should of course be no such "borrowing", but the information to the Magazine coming from several quarters in the state, is to the effect that in practice such a system in use of funds' exists as to result in using redemption funds for other purposes, and continuing that use, which is a "borrowing" in fact and in effect.

## FEWER LAWS AND LESS TAXES

The basic plan of the government designed by our forefathers for the people of the United States was a very simple one. The concise statement of the preamble to the constitution is towards simplicity of government both in its foundation purposes and in its language directed to the superstructure thereafter to be added thereto. "To form a more perfect union," "establish justice," "insure domestic tranquility," "provide for the common defense" and "secure the blessings of liberty to ourselves and our posterity," these were the simple declaration of purposes which are enlarged upon in the provisions of the constitution itself. That article preserved to each state a republican form of government which meant a form of government divided into three independent branches, the legislative, executive, and the judiciary. The first to provide the laws, the second to give effect thereto, and the third to stand as a safeguard between the people and unwarranted usurpation of power by either of the other two branches of government. The people of the state of Arizona recognized that continued progress of its people would come about only through a continuation of the plans and purposes so declared to be the purposes of government, and that so-called progress which included a departure therefrom might, in the light of the past, bring disaster in the future, and in the very first section of their adopted constitution declare that: "A frequent recurrence to fundamental principles is essential to the security of individual rights and the perpetuity of free government."

### **Are the people too much governed and at too great a cost?**

The question suggests itself as to whether, during a period of over one hundred and thirty-six years of action under the constitution of the United States, there has been a departure from the simplicity designed therein to become the government of the people and with that design to bring about and continue the blessings of liberty to the present and future American people. Simplified in statement, the question arises, are the people too much governed, have too many laws been enacted towards regulation of individual action, under a guise of being necessary to promote the general welfare. And simplified into language which concerns every citizen

who directly or indirectly is called upon to contribute to the cost of giving force to the existing laws and regulations, are the numerous present public activities, the multiplicity of offices, the hordes of officers and employees now employed at public expense, necessary to the existence of and to the continued efficacy of required government.

Our forefathers had their grievances, they struggled under the yoke of oppressive taxes levied under acts of the parliament of England. Their complaint to the world was stated in the declaration of independence. One phrase from that complaint is, that: "he has erected a multitude of New Offices, and sent hither swarms of Officers to harrass our people." When the constitution was finally adopted, its main purpose was to eliminate excessive taxation, and one of its main burdens in mind was the elimination of useless newly created offices, which entailed burdensome expenses, and a consequent harrassment of the people.

### **"We the people" have created the present high tax situation, and can reduce through use of the same power which created.**

The people of the United States have no complaint to make that they have no voice in the making of laws which create new offices, which bring into existence numerous offices, with their official employees, and a constantly increasing burden of cost, to be levied and collected through direct and indirect taxes, finally paid by the people themselves. Our forefathers through their declaration of independence, and through their revolution, removed the shackles which held the people helpless against laws which provided for taxation without representation, and which made them silent as to the multitudes of new offices and new officers whose presence and official acts were unbearably oppressive and unnecessarily costly and thus burdensome in the taxes, imposed and collected to support those offices, officers and their activities. Today it is, "WE THE PEOPLE" who act or fail to act in connection with every question pertaining to how we shall be governed. Today, if taxes are too burdensome, that burden has been self-imposed by the people who must carry that burden. No citizen has any present right to grumble about the high cost of government, reflected into the taxes

which must be paid by that citizen, unless he can look himself squarely in the face and answer the inquiry of his own mind, and say that he has used every possible means in his power to avert the result. If that citizen, who around tax-collection time awakes for the first time and appreciates the burden of taxation, and knows that such burden is too much, if then for the first time he makes a candid review of the situation and gets back to the real cause and causes which have produced that burden for him to pay today, and pay on the installment plan upon bonds issued for future tax payments, that citizen cannot separate himself from the causes which produced the result. If during the past his efforts have contributed towards the creation of some new public activity. If he has used his vote in favor of bond issues. If he has from time to time during a period extending into the past been actively in favor of every public project which resulted in increased taxation, then his action has been a cause leading up to the resulting burden which he now finds to be oppressive. In general such a citizen has no just cause for complaint over such a self imposed burden. Or, if that citizen who at tax time ascertains that the burdens in which he must share are too much and more than he really can afford to pay, and if that same citizen in communing with himself as to causes to the effect of such a tax burden, sees that he has really taken a Rip VanWinkle attitude as to public matters, which during a past ten or twenty year period, have multiplied public activities, and thus quadrupled the amounts needed to support those activities, then he has slept on his rights, and by his inaction has failed to do his duty in preventing so far as he could under his rights as a citizen. any and every increased activity in public government, which at the time proposed was an unnecessary activity, or one which the public itself could not afford to undertake.

### **"The Rip Van Winkles" are awakening to the burdens of taxes imposed while they slept on public matters**

For the first time in the history of the United States, the entire people are more or less aroused to the magnitude of the public burdens which through direct taxes, or by indirect action, reflected

(Continued on Page Six)



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JANUARY, 1924 50 Cents

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### FEWER LAWS AND LESS TAXES.

(Continued from Page Five)

upon private activities, are tending towards stagnation in the growth of such activities. That entire people may be classed into two divisions. One division which in the past has been an apparent majority, and through the efforts of such an apparent majority have favored public projects, requiring either present taxes, or public bond issues, to carry them through. An effective apparent majority, (though in fact a possibly real minority,) which has brought about all the enlargements, all the departures, and in consequence all the presently staggering burden of cost of government, to the full extent there has been such enlargements in the purposes of government, and to the full extent there has been departures from that simplicity in government contemplated at the outset of the union of states. That class which has favored public expenditures for every seemingly public purpose, and has done so regardless of real present need, regardless of increased cost of each such project, and regardless of whether the public could afford to pay that cost or not. The other class of the public, constitutes the indifferent class, A class which has been too busy with private affairs to concern itself with what the public has been doing. The "stay-at-home" class when questions of bond issues have been voted upon; the stay at home class, when officers have been elected whose powers would extend to law making including the creat-

ing of new offices, the making of public appropriations for new purposes, and increasing appropriations for older purposes connected with the government. The one class is coming to realize the error of assuming in the past that the public could actually afford to undertake and pay for any activity or public project whatever, regardless its cost or consequently increased aggregate of all expenditures. The other class is awakening from its lethargy of indifference as to what is to be done to make the best of the present situation which through public burdens hampers industrial growth and development.

### Solve the problem by a return to a simplified "First Principle" Government

The solution seems to call for such action by the public itself as will be a "recurrence to the fundamental principles of government." There are obligations already assumed which cannot be escaped short of actual payment. The work of new creations in the way of new officers which have been added to those simple functions of government which in the early history of government actually ample to fulfill all requirements, can be analyzed with a renewed idea of returning to the first principles of government and by lopping off such growths of new offices and new activities as are not necessary to such a simple government as designed by our forefathers. The question of demands that certain activities be undertaken, or that present activities be continued upon a more enlarged and so at a greater cost to the people can be handled in such manner as will result in simplification, and thus in reduction of cost.

In the main the solution of the present cost of maintaining the governments of the United States, of the several states, and of all the various cities, towns, and

be reduced through processes of elimination, those processes of abolishing duplications of similar activities in connection with the same portion of people, duplicated as those activities are in many cases by state boards for this purpose, a county board for the same purpose, and amplified again by similar boards for similar purpose in connection with towns and cities. The needs of the people, the numbers of the people to be governed, and the mode of government for that number in a given instance, are matters to be considered in connection with an elimination of possible duplications such as above suggested as now existing.

When it is considered that one person out of every twelve in the United States earns a livelihood through public employment at the present time. When it is said to be true that eleven private wage-earners, support one public agent on an average throughout the whole United States, it seems to be pertinent to inquire whether or not the people themselves, through their action or inaction, through active participation in the creating of so many public positions, or through inactive indifference as to why, when or what is created, it seems to appear that the whole people have created a yoke to be borne by them through taxes in support of what has been created in connection with their government, a yoke as heavy and as burdensome as that revolted against in 1776, and it is up to the people to use their individual powers as free citizens to relieve that burden to such an extent as may be possible through a return to elementary ideas of the real functions of a government of the people by the people and for the people; and by a vigorous application of old ideas of economy, clean the real wheat from the chaff of government discard the latter, and as a result have fewer laws and less taxes.

## Questions and Answers

**When are assessed valuations of taxable property in the counties equalized and by whom, and is the time for so doing definitely fixed by statute?**

After property is listed upon the tax rolls and the county assessor has placed values thereon as to classes of property not in the first instance assessed by the State Tax Commission, the county board of supervisors in each county acts as a county board of equalization. The statute provides as follows:—

"The board of supervisors shall meet, on the first day of June of

each year and shall continue in session from time to time until the business of equalization is completed; provided, however, that it shall not sit at its June meeting after the tenth day of June, at which time it shall adjourn to meet on the first Monday in July following, at which meeting said board shall determine whether or not the raises and increases in assessments proposed at their June meeting shall stand.....At its June meeting said board may change any valuation, whether said valuation

was fixed by the owner or the assessor. If in its judgment, from information possessed by it, the board shall believe it to be right to add to the assessed valuation of any property, it shall cause this fact to be inserted in the advertised notice hereinafter provided to be given; but no assessment can be raised by the board unless it is included in such advertised notice. A notific-

ation of said proposed raise shall be mailed to the one to whom said property is assessed."

The Supreme Court has construed the power of county boards of equalization in the following language: "Boards of equalization are quasi judicial bodies, but inferior in their nature, and in the exercise of the power granted them by law, they must scrupulously limit their acts to doing those things that the law di-

rectly empowers them to do." Applying that construction to the provisions of the statute as above quoted, an answer will appear to the question asked, so far as the action of county boards of equalization is concerned. And from the above language the time of meetings and power of action seems to be clearly and definitely fixed, and that being so, the county boards are required to conform thereto.

## PROMOTING BOND ISSUES

The increased public indebtedness is a matter of general concern, when the increased taxes which arise from interest and sinking funds payments upon those bonds are placed in a column with, and become a large portion of, the aggregate of constantly increased taxation of all kinds and for all purposes. With taxes for other purposes, the public pays those taxes annually, and the expenditures are made according to the amount of taxes collected. This results in a public "pay as you go" policy, and places upon the present public the burden of paying for what that public demands shall be accomplished through public agencies. If those demands result in extravagance. If those expenditures are for purposes as to which the public could still accomplish all necessary governmental purposes and dispense with this, that, or the other, the present activity involved in such unnecessary purposes calling for increased tax funds, the present public still has powers to call a halt, to abolish activities which are too expensive and not essential to required public good. By calling that halt and effecting such an abolishment, the present public has it in their own hands to reduce expenditures which call for tax raised funds so far as nearly every activity in public purposes is involved in the aggregate of public expenditures. **That same public cannot call it off so far as the tax burdens incident to public bond issues increases the present aggregate of those tax burdens for all purposes. Bond issues continue their burden from the present public into the future. Once issued those bonds must be paid by some public other than the present.** In fact, bond issues are mortgages upon the future, and being so, is one feature which makes public bond issues attractive to some considerable portions of the present public. That portion argues that they may presently en-

joy the fruits of what public bond money will presently provide, and let the future pay for that fruit.

The problem of public finances involved in bond issues for public purposes, is akin to the same problem which would confront a private citizen who might be considering the doing of something which could not be done presently from his current earnings or incomes, and found that it was necessary to mortgage a house, a farm, a storebuilding, and possibly all the property owned by that citizen, to provide the present money to indulge in some luxury. A better house, more expensive furniture, a more speedy automobile, or the thousand or one other things which in themselves are attractive, but when their attractiveness is weighed by the conservative person and balanced against present income and ability to presently pay therefor, remain as attractive hopes for future possession, and are not provided at the risk of mortgaging that which years of struggle, practices of economy, of thrift, keeping out of debt, and paying as they went, is now the worldly possessions of such a citizen and is now free and clear of incumbrance, and is now in such shape that it will pass on to the family free and clear of debt. Nor does that same thrifty, conservative, saving and economic citizen give a receptive audience to the wiles of the installment man, who would place some luxurious piece of furniture, or what not, at his disposal, and require in return only a dollar down and a dollar a month plus eight per cent interest, and which in fact would require that citizen to mortgage his future income to the extent of the required monthly payments and the payment of the eight per cent interest. Strange as it may seem, the general public is prone to do in the way of public mortgages—bond issues for public purposes are nothing else—just what the individuals of that

public would not do as a matter of private action. The public will issue bonds to be paid by their children, when the individual members of that public would not directly mortgage their private property under the same comparative necessity for the use of more money than present incomes could provide and pay for at once.

### In Voting Bonds, the Public are Creating "Tax Exempt Property" and "Tax Exempt Securities" Both

Public bonds in Arizona are tax-exempt. Whoever invests in those bonds is to the extent of such investment, immune from all taxes whatever. In round numbers, with approximately \$43,000,000.00 of public bonds outstanding for public purposes in Arizona, if the owners of those bonds reside in Arizona, there would be just that amount of income producing property which would not contribute one cent to the cost of maintaining the government in the state, and would in the opposite draw from other actual taxpayers some \$2,500,000.00 per year for payment of interest upon that exempt from taxation aggregate of bonds issued for public purposes. The holders of such bond issues, are also immune from federal taxes to the extent of the income from such bonds held by them, regardless of where those holders reside, whether in Arizona or elsewhere.

### Capital is seeking Tax exempt bonds as one escape from high Tax burdens

Is it to be wondered at that an investing public looking for tax exempt securities are more or less eager to obtain such public bonds as Arizona has offered to them heretofore. It is to be wondered at, that dealers in such securities are looking for a supply of bonds to offer to their customers. The bond market is governed by the law of supply



and demand just as the market for any other commodity is so governed. That law of supply and demand includes getting what is demanded for those who buy, and this feature of the rule applies to getting public bonds for sale. The rule applies and is made use of in peace times from the promotions of public projects to be undertaken by the United States which require more immediate funds than the annual federal revenues will supply and runs down through the scale until no small school district is beyond the workings of such promotion ideas.

### Public "Luxury" Encouraged Through Bond Issues.

Someone with a private axe to grind is constantly agitating the issue of more and more bonds. The contractor who is in line for more construction of public buildings, the large manufacturer of building and highway construction supplies, such as cement, structural iron, and other essentials of such construction, work hand-in-hand with the brokers who take public bond issues to supply the demands of customers for safe investments as well as tax-exempt investments. The particular county may be nearly out of debt. The particular school district may have developed so as to include valuable taxable property, and the old school house may be fully paid for and still servicable for all required purposes. The old cook stove of oil or gasoline burner, and the modern lamps may be perfectly satisfactory and render economic service for their purposes. Water may be pumped for irrigation purposes, and electricity may be brought into play for power in connection with agricultural development. Along comes the promoter of a bond issue and plays up to the pitch all that can be played to induce property owners to improve public structures, erect new buildings, create more highways with costly pavements and expensive bridges, and so on down the list of purpose for which public bonds may now be issued. The nearer out of debt a political subdivision may be at the time of such an attempt, the more seductive the arguments become. To the property taxpayers the fact that their county, city, town, or other municipal subdivision to be effected by such a bond issue is nearly or entirely free from public bonded indebtedness may control the situation as to whether what is suggested can be afforded by the pub-

lic. The nearer out of debt such a public subdivision may be is a very important factor considered by the promoter in connection with the bonds which may be finally issued. The less indebtedness, the more secure the bonds, the more purchasers will be satisfied, and the sale of the bonds becomes more easy.

### Will a public investment of bond funds show resulting profit to the public?

However it is not a question of whether the bonds will sell readily. Nor a question of whether when free from debt the time is ripe for new bond issues for new public ventures, improvements, or new constructions. The really most important question is how much will taxes be increased, and fixedly increased on account of such bond issues. Without any increased taxes at all, the real question for consideration is, are the present taxes a heavy burden upon the taxpayers to be effected through adding more taxes incident to more bond issues? When considered in connection with present tax burdens, will the purpose for which more bonds are to be issued become more or less of a dispensible luxurious burden as compared with being a present indispensable necessity. Will a proposed public improvement or other public venture which requires a bond issue, result in something that will really pay its own way in connection with its uses as an aid to private industrial, ranching, farming, or other pursuits of that portion of the public which may bear the burden of a bond issue. Or will the venture which requires a bond issue to put it through and when completed through the money so acquired, be no more than a monument to mark the graves of disappointed hopes on the part of taxpayers, who had hoped to benefit in a financial way individually, and had hoped for general public benefit and progress, with resulting prosperity to their community, and if such hopes induced the taxpayers to vote extra burdens for themselves, and continued burdens to be paid by their children as incident to bond issues voted for an unprofitable public venture.

The question of more and more bond issues is constantly before the public. New and more bonds for what is already considered to be public purposes. New and still more new purposes are being constantly exploited to be characterized as "public purposes" that each may become the purpose of new bond issues. If private capital did not find

plenty of public bonds in which to invest, that portion thereof which could not be so invested, would sooner or later seek profitable investments in private ventures. If the general public would assume such an attitude towards any increase in the supply of public bonds, private capital would of necessity seek out private investments. Few, if any, really meritorious projects of the kind now undertaken through public bond issues, would fail for lack of financial support, if it should come to pass that a surplus of ready money—uninvested—was seeking such investments.

### Bond issues double the burdens of remaining direct taxpayers by increasing taxes and creating exemptions therefrom.

But the idea of public bond issues seems to be contagious due to the activities of those who may profit privately through such issues. And with such contagions comes more and more tax-exempt investments for bond buyers. More and more tax burdens for taxpayers. More and more catering to ideas of public luxury connected with public buildings, and other public investments through bond money. The public continues to double their own burdens. Every time a new bond issue is put upon the market, the investment from a public standpoint becomes public property and not taxable. The bonds are tax exempt. The public is burning the candle at both ends. It is increasing the burden of taxation to the remaining taxpayers, and also decreasing the taxable property value which is to bear that burden so increased, and decreasing the entire amount of taxable property which should bear a just portion of all other tax burdens.

A wise public in the future will carefully investigate every proposition connected with public bond issues, and turn that proposition down, until shown where the public will get value received when the entire cost to the public of such an issue, is compared with possible benefits as the result of such an issue. Bond issues at the present time are nothing more or less than business propositions. Profit to the bond buyer is one side of that proposition. A profit in interest, in safe investment, and in tax exempt property. The public should reap more profit from such issues, a real business profit, or refuse to become parties thereto, no matter how, when, or by whom, new bond issues are suggested and promoted.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME ELEVEN

PHOENIX, ARIZONA, FEBRUARY, 1924

NUMBER TWO

## Our "Ship of State" in a New Year of Statehood

Thou, too, sail on, O Ship of State!  
Sail on, O Union, strong and great!  
Humanity with all its fears,  
With all the hopes of future years,  
Is hanging breathless on thy fate!  
We know what Master laid thy keel,  
What Workman wrought thy ribs of steel,  
Who made each mast, and sail, and rope,  
What anvils rang, what hammers beat,  
In what a forge and what a heat  
Were shaped the anchors of thy hope!

Fear not each sudden sound and shock,  
'Tis of the wave and not the rock;  
'Tis but the flapping of the sail,  
And not a rent made by the gale!  
In spite of rock and tempest's roar,  
In spite of false lights on the shore,  
Sail on, nor fear to breast the sea!  
Our hearts, our hopes, are all with thee,  
Our hearts, our hopes, our prayers, our tears,  
Our faith triumphant o'er our fears,  
Are all with thee—are all with thee!

—Longfellow.

CHRISTENED as it was with the hearts-blood of our patriotic forefathers, sacredly guarded in its destined course by staunch adherents to the lines of freedom, liberty, and equality of men, which marked its difference from the governmental principles of the then world, our ship of state has breasted every sea, has escaped the perils of time, and now, after one hundred and forty-eight years its bulwarks stand before the whole world as fully able to protect the principles of justice, to safeguard the time-tried and experience-proven ways of progress which are leading towards a perpetuity of peace, contentment and happiness for men and all mankind, against would-be diversions to untried paths suggested by dreamers and, more dangerous, would-be fanatics, with their suggestions of quick panaceas for alleged defects in the time-tried hull of our SHIP OF STATE. Within the fold of statehood, Arizona has experienced twelve years as a state among states. Like all the rest, the experience of Arizona has not been entirely free from the influence of those who would entirely discard the principles and rules which have brought progress, insured safety of rights and liberties, and who would inject false "isms" into the control of its future course as a state. Like the poet Longfellow, "we know what workmen wrought its ribs of steel," and know also the sturdy strength of governmental construction bound together thereby. We have implicit confidence in the final wisdom of result in the action of a democracy of free-thinking and free-acting people, and firmly believe that a majority of such a people will at all times speak and act decisively against any element of the public, who at any time attempt to "rock the boat," or seriously attempt any departure from the framework of and for government, as planned by our ancestors, and which has withstood all attacks for years, and still stands as the guardian of the eternal liberty and happiness of a free people.



## EDITORIAL COMMENT

### More About Tax-Exempt Property and Securities

In attempts at spreading the burden of costs of government so as to reach all classes of property, the vast amount of public bonds which have been floated in the past ten years, and which in the main are issued as "tax-exempt," presents new problems to our Congress and to the legislature of the states. When it is known that the aggregate of these bonds runs in the billions of dollars, and from the fact that so many of the bonds have been issued under statutes of states expressly exempting bonds of that class from taxation, or, from the fact, which is still more controlling, that the constitutions of some of the states, expressly declare such bond issues to be exempt, the perplexity of the situation which comes to the light when the magnitude of value involved as exempt from taxation appears on the one side, and the meagerness of suggestions as to what may be done about it, and done if at all, to the effect of again putting that property represented in public bond issues, again upon the lists of property which is to share public burdens, seems to be a perplexity that is being permitted to continue, through legislature inaction.

#### The idea of "Tax-Exempt" bonds has grown like a new fashion

It is true that the public disease of issuing bonds, which after so issued, are in turn the representative value of property which produces sure incomes to the holders, as to which no taxes are in turn paid, has been epidemic throughout the United States for the past ten years. It seems to have been the fashion to issue such bonds, and also to find new pretexts for labelling bond issues as being for "public purposes," when in reality the moving cause for such issues is private gain, and now, when the public has awakened to a realizing sense of just what it has done, its first thought seems to be to change the fashion, and remodel the now tax-exempt bonds into taxpaying securities.

The marks of what has already passed seem to be indelible. Once legally stamped as non-taxable, a bond of any issue of so-called "public bonds," is permanently exempt. So it is for reason of protection afforded by both state and federal constitutions, as against laws

which will effect an impairment of existing contracts. If these tax-exempt securities were not so protected then the moral aspect of the situation would confront any suggestion of changing the rights of the holders of such bonds. But whether protected in one or the other of the ways above suggested, the present taxpaying public is facing and carrying the burden of public support, as to which support the holders of public bonds, are to the extent of their holdings, not burdened at all. The rule of once exempt, always exempt is applied to the case.

#### The constitution of Arizona exempts bonds of Municipal corporations from taxation

Arizona is one of the states in which by constitutional provision, "public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions," are exempt from taxation. Unfortunately, those same constitutions contain no limitation upon legislative power as to what purposes may be declared to be such a public purpose, that new "municipal corporations," and new, "other political subdivisions," may be, and are in fact created, each with taxing powers, each with power to issue such bonds, as come within the exemption from the taxation clause of the state constitution. Unfortunately also, once these new classes of "municipalities" get legislative sanction and are organized, there seems to be no constitutional limit of restriction as to how many "tax-exempt" public bonds each may issue. The constitution has words of limitation applying to the amount of county, city, town, and other municipal corporation bonds, which cannot be issued except with the assent of a majority of the property taxpayers, and placing a final limit of ten per cent of each dollar of taxable property, upon the bonds to be issued by counties and school districts, and a limit of fifteen per cent of each dollar of taxable property, as the limit to apply to cities and towns and confined to issues for certainly specified purposes of towns and cities; but no limit as to the amount of bonds which may be voted by "the property taxpayers of other municipal corporations" which may be created by the legislature

of the state, and so created without limit as to real purpose, and come into existence with unlimited power as to issuance of tax-exempt public bonds. Some of such creations exist as irrigation districts, light and power districts, drainage districts, and combinations thereof. This Magazine has heretofore in connection with articles upon the public bonded indebtedness of the entire state and its subdivisions, presented figures which show the extent to which such bond issues have been authorized, and a repetition of those figures seems unnecessary at this time. The matter is referred to in this connection for the purpose of suggesting some action which may still be taken to prevent a future mushrooming in amounts of future tax-exempted bonds.

#### Whole Public is interested that nothing but real public projects are to be empowered to issue Tax Exempt Bonds

The whole public is interested in each and every proposed new class of municipal corporation to the extent of knowing that its bond issues, and the works, improvements, or whatever it may be, comes into existence through the investment of bond raised funds, are both tax exempt. The actual burden incident to governmental supervision of each such municipal corporation, brings an increase in the general expenses of the government of the state and its counties. New duties are imposed upon state and county officers, which arise in connection with such new municipalities, these new duties entail more general expense, this expense falls upon the remaining taxable property of the taxpayers in the state and so becomes a new burden to them without direct benefit. So, inasmuch as the public will be drawn into the affairs of each such new municipal corporation, and will in fact be made debtors to public funds through increased taxes required to meet increased activities of present officers, the question of permitting the organization of such corporations, squarely presents a question of whether the whole public will in fact be benefited to amounts equal to the debtor side of that question, charged with extra taxes, and credited as a fur-

ther debtor charge, with many dollars of property, in turn exempted from any share in the burden of that extra tax. The legislature still has power to refuse its sanction to the creation of more municipal corporations for any purpose at all. It still has power to prescribe limits as to the amount of new tax-exempt bonds which may be issued by present organized municipalities. The question of real public purpose should include a legislative investigation that such a purpose is really included in connection with any new proposed class of so-called municipal corporations. Such an investigation would seem to require more than the answer that some new project will come into existence, and may finally tend to develop the resources of the state. Every new building which is erected with private funds, becomes in one sense a public purpose,

if the rule of public purpose is extended to everything which may tend to increase the value of property in the state. The promoter of a new suburban addition, is in the same sense performing a "public purpose" when he induces new comers into the state to make homes in his addition. If however, such a promoter asked the power to issue "tax-exempt bonds" based upon that "public purpose" idea, the real private purpose, and the real private profit, would be so apparent, as to preclude any second thought as to the possibility of any "public benefit," or public purpose, so involved therein, as to warrant the authority for a so-called public bond issue.

#### **How Checks upon future issues of Tax-exempt bonds may Still be applied**

To sum it all up, our lawmakers still have power to deny the right to issue

"tax-exempt bonds", in cases where real public necessity is not involved. Can refuse to aid private enterprises presented as being public purposes. The people can still refuse to vote more bonds except in extreme necessity therefor. The people can still amend the state constitution so as to insert limits as to amounts of bonds to be issued for any real public purpose, and can define anew what shall be considered public purposes. While it is too late to annul what has already been done it is not too late to profit by experience, and prevent the creating of more of the same classes of bonds, and bringing into existence of more so-called public property which is in fact purely private property, and thus keep the value of such bonds and of the property which represents investments of bond money, upon the tax-rolls of the state.

## *Some Figures Covering Items of the Cost of County Government in the State*

Using the official "annual estimates" of each county as the authority for figures given in the table appended to this article, and following the grouping of county purposes according to the groups and items of the arrangements of same in each estimate, the table shows the county expenditures from general funds and from road funds of each county for the fiscal year ending June 30, 1923. The first column of the table shows the various common items and purposes to which, in the counties, expenditures from those funds were charged.

The figures given disclose amounts actually expended, in the sense of actual payments made from the two funds for the purposes listed. Whether those actual payments so included, cover the actual expenses of operating the various offices and departments of each county, is not to be answered from the figures given. Those figures do not disclose any possible amount of liabilities incurred during the year for the purposes of the year, which may still remain as debts due from the counties and still to be paid.

It must be stated also that although the aggregates of amounts used in the several counties, which the annual estimates, and the table itself, appear to have been so used for similar purposes, are not aggregates which will permit of any strictly certain comparison as to costs of similar purposes common to each

county. This statement is warranted by the fact that in the disbursement of funds, and in the distribution of such disbursements, there has been no positive rule as to control. For instance, under the head of "County Law Library," only three counties appear to have expended any money at all for that purpose. This is not true in fact, as each county in the state has expended something to maintain such a library. In some of the counties these expenditures are put in under the head of "miscellaneous", in others, under the head of "courts," and still others under the head of "court house and jail maintenance." So again items of "quarantine" expense, which might properly be charged alike to the expenses of the "health department," in some instances are charged as "miscellaneous expense." While the particular matters alluded to are of minor importance, they serve to illustrate the lack of uniformity in the practices of different county officers in the distribution of expenditures. And so, in any case where an expense which is actually one connected with a particular office, is not charged to that office, a false appearance as to a smaller cost in operating such an office is made to appear. And on the other hand, some other listed county purpose is made to assume and appear to have expended more than is actually the case.

The figures as they appear in the table

tell the only tale which can be gathered from officially compiled figures in each county. From that table the reader can run eyes across the state from one county to another, and take in the aggregates of costs for maintenance of the different offices, departments, and county activities, county by county. When those figures disclose more for any purpose of any county, than the cost of a similar purpose in another county, that disclosure may open a door for further inquiry as to why this is so. At the outset, the county salary law fixes different salaries for county officers according to a legislative classification. The same county salary and county classification law, while on its face apparently intended to designate and control the salary of county officers, and also control the numbers and salaries of assistants in such offices, immediately loses control through a blanket provision amended into the law, which in substance permits the county officers, with the sanction of the board of supervisors, to employ such additional assistants, and go to such expense, as may appear necessary to a proper conduct of the affairs of any county office. So in actual result, if there is any chance to reduce the amounts of expenditures from the general funds of any counties, that chance is one which can only be made available by the board of supervisors of each county. If such boards are imbued with an actual pur-



pose towards reducing the cost of maintaining the offices of their counties, then each board must assume a "show me" position as to each proposition which from time to time during any year, involves extra assistants, or extra expense, to be authorized for any office in their

county. And in that action which may finally be taken regarding such applications, "show me" position of such boards to mean no less than requiring a showing of actual conditions from which it is actually necessary that such in-

creases be granted. That real necessity may appear or not, if investigations are made as to just what is doing in the offices asking for more help. At any rate, a mere request for increased help coming from any office, should not be granted as a matter of course. The

## COUNTY EXPENDITURES FROM GENERAL FUND

	APACHE	COCHISE	COCONINO	GILA	GRAHAM	GREENLEE
Assessor's Office .....	\$ 3,356.32	\$ 18,150.00	\$ 8,328.65	\$ 11,798.69	\$ 3,845.07	\$ 4,268.79
County Attorney .....	2,505.13	10,990.03	4,892.04	7,907.18	3,382.41	2,701.80
Board of Supervisors .....	7,834.58	23,399.00	11,754.87	9,476.80	7,562.10	8,666.20
Recorder's Office .....	1,988.55	9,610.22	5,515.86	7,165.70	3,233.19	3,903.44
Sheriff's Department .....	7,679.02	49,986.65	30,975.98	50,110.93	9,688.36	16,076.05
Superior Court .....	8,427.92	45,007.16	17,886.34	27,313.91	10,842.53	6,863.77
Treasurer's Office .....	2,290.71	22,479.59	5,721.52	6,973.81	3,924.59	3,274.86
Health Department .....	4,884.40	32,029.53	21,093.47	46,218.42	4,735.31	9,261.09
County Hospital .....	)	40,457.26	)	)	)	11,650.78
Court House & Jail Mtnc. ....	2,684.86	7,990.00	10,662.92	4,641.52	4,913.70	5,410.40
Miscel. County Expense ..	2,664.51	11,447.89	18,658.75	6,654.36	2,459.24	6,991.03
Elections .....	2,206.71	26,196.19	7,692.54	9,599.73	1,912.64	1,887.07
Justice of Peace Prec.....	6,877.22	38,153.11	7,483.94	20,223.91	4,455.48	11,194.40
Interprtrs., Justice Courts	386.00	2,716.65				12.50
Miscel. Const., Repairs & Incidental .....		3,758.95				
County Law Library .....		1,837.35				242.00
<b>Total General Fund .....</b>	<b>\$ 53,785.93</b>	<b>\$ 344,209.58</b>	<b>\$ 150,664.88</b>	<b>\$ 208,084.96</b>	<b>\$ 60,964.62</b>	<b>\$ 92,404.18</b>
<b>Road Fund .....</b>	<b>23,334.73</b>	<b>178,758.02</b>	<b>133,670.98</b>	<b>366,162.87</b>	<b>26,793.29</b>	<b>31,340.08</b>
<b>GRAND TOTAL .....</b>	<b>\$ 77,120.66</b>	<b>\$ 522,967.60</b>	<b>\$ 284,335.86</b>	<b>\$ 574,247.83</b>	<b>\$ 87,757.91</b>	<b>\$ 123,744.26</b>
<b>Assessed Valuation—1922</b>	<b>\$ 8,776,318.00</b>	<b>\$ 143,525,605.00</b>	<b>\$ 20,128,235.00</b>	<b>\$ 124,067,362.00</b>	<b>\$ 12,480,418.00</b>	<b>\$ 24,911,059.00</b>
<b>—1923</b>	<b>9,355,348.00</b>	<b>130,410,535.00</b>	<b>20,524,854.00</b>	<b>114,762,166.00</b>	<b>12,399,829.00</b>	<b>25,385,800.00</b>

### The Real Public Benefit, Intended as the Practical Purpose of Annual Estimates Preliminary to Taxation

At a time when public demands for lines of public activity were more limited than at present, and when public spirit exerted itself to the extent of doing through private means, a great many of the things which are now called "public purposes", and as such are now supported through the collected taxes and other sources of revenues, which create the necessary public funds required to support all that is undertaken under public control and direction, at such periods in the past, taxes were not so high, the

aggregates raised for governmental purposes were not so enormous as at present, and the idea of watching where the public dollars went, and for what, was not so universally present as now. With the increase in amounts required for public activities of all descriptions, there has come about the necessity of attempting a more business-like scrutiny as concerns public expenditures. More and more the citizens upon whom the burden of taxation falls are demanding that public officials keep more strict account

of what becomes of public funds entrusted to their use for purposes connected with the various branches of public business under the control of each officer. More and more these accounts are demanded, not for reason of any reflection upon the integrity of officers in charge of creating debts to be paid with public funds, but for reason of the fact that public business has become one of the largest and most important of the financial factors upon which the development and prosperity of the country de-

boards of supervisors are the head of control of all offices in each county. And as such could well investigate each office as to details in their operation, which involve expenditure of county funds, and should specially investigate as to the real necessity upon which ap-

plications for special increases are based. The public business of each county is placed under the supervising control of the boards of supervisors. Those boards are directly responsible to the public for every dollar of public money in the gen-

eral funds of the county, the expenditure of which involves any discretion on the part of such boards. It is only through continued action by such boards controlled by the rule of "business is business", that county finances can be economically administered.

#### AL FUND AND ROAD FUND FOR YEAR ENDED JUNE 30, 1923.

ARICOPA	MOHAVE	NAVAJO	PIMA	PINAL	SANTA CRUZ	YAVAPAI	YUMA
35,134.57 \$	6,060.50 \$	3,277.89 \$	13,831.21 \$	9,490.10 \$	4,321.77 \$	9,166.62 \$	6,741.00
37,626.31	4,494.25	5,306.20	6,670.71	5,271.55	3,761.50	10,291.92	6,856.23
29,982.50	9,395.75	8,981.19	10,525.18	10,471.89	7,373.46	15,921.97	11,350.10
25,490.34	6,065.82	3,109.45	10,164.65	6,317.92	3,664.44	9,592.07	8,085.02
73,937.53	26,426.41	18,131.85	57,486.53	30,008.24	29,675.99	49,480.65	30,354.66
111,057.37	12,759.10	9,007.45	33,791.71	11,976.19	15,730.55	44,535.02	18,382.81
26,387.37	4,477.45	2,587.98	10,999.02	6,094.91	4,036.22	6,995.11	6,858.60
99,613.98 )	71,028.59 )	8,346.80 )	35,599.44 )	5,884.61	11,967.33 )	34,755.42 )	16,373.65 )
)	)	)	)	10,152.17	)	)	)
19,861.29	5,248.06	3,225.65	15,089.50	4,620.09	5,767.20	19,838.31	8,576.34
45,823.64	8,635.58	4,902.80	57,912.66	8,286.24	4,509.35	24,672.48	12,348.15
35,546.71	6,270.58	4,604.02	10,715.80	3,729.06	1,634.73	9,584.04	5,599.35
44,026.80	8,848.45	5,530.53	8,862.50	9,969.26	4,901.00	14,917.97	11,226.62
1,500.00		308.00			2,241.53	18,412.39	1,287.00
585,988.41 \$	169,710.54 \$	77,319.81 \$	271,648.91 \$	122,272.23 \$	99,585.07 \$	268,163.97 \$	144,039.53
166,904.21	77,559.41	15,715.04	114,545.11	79,467.67	24,486.07	155,114.14	35,728.34
752,892.62 \$	247,269.95 \$	93,034.85 \$	386,194.02 \$	201,739.90 \$	124,071.14 \$	423,278.11 \$	179,767.87
826,456.00 \$	20,113,636.00 \$	11,393,701.00 \$	56,001,132.00 \$	52,809,912.00 \$	12,013,806.00 \$	107,909,313.00 \$	21,064,333.00
299,316.00	18,480,277.00	11,829,619.00	55,477,774.00	48,641,848.00	12,322,790.00	103,726,282.00	21,385,568.00

pend, and so depends as a result to come from private business, upon which the drain of public burdens of all sorts, is now one of the largest encumbering expenses.

The public is fast learning that "business is business", and as such should be conducted along business lines, whether the particular business is the raising, expending, and disbursing of money for public purposes, or whether it is the borrowing of money upon the credit of public bonds, or what not, there are certain important rules of business to be observed in those connections, which are rules in all respects similar to such as pertain to the financial aspects of private business. The primary rules of business which work towards an escape from financial disaster, are simple. One

of the simplest of such rules, is to so keep in touch with a business, that its owner may at all times know where it stands financially. It is not the purpose of the Magazine to undertake a review of the many details of such systems of accounting as have been applied to private enterprises which are conducted on a large scale. It is the purpose of the Magazine to do now, and keep on doing what it has done in the past, and that is to emphasize the importance of a carefully worked out, and when so worked out, closely followed budget of control as to all finances connected with public business. A public business of the United States which annually involves the raising and expenditure of billions of dollars for governmental purposes. A public business of each state which an-

nually involves operations which require millions to be raised and expended for so-called state purposes, in addition to the billions raised for the general government of the United States. A public business of counties, cities, towns, school districts, and other municipal public agencies with taxing powers, which altogether adds still further millions of public burdens upon the public. Each and everyone of these is a business of which the members of the public are the owners. It is important that these owners know where their dollars go. In no other way can knowledge of the "whys and wherefores" as to the money required to carry on the entire of all of such business of government, be acquired than through a budget system.

(Continued on page Six)



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription FEBRUARY, 1924 50 Cents

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## THE REAL PUBLIC BENEFITS, INTENDED AS THE PRACTICAL PURPOSE OF ANNUAL ESTIMATES PRELIMINARY TO TAXATION

(Continued from page Five)

No longer is the public satisfied with reports from its officers of no more detail than embodied in statements to the effect that "we just had to have the money", "we could not get along on less," "it cost so much last year" and "it will cost so much more the next," as such answers have been from the result of making reports which show only amounts received as against amounts actually paid out, without explanation, and without any suggestion at all from such reports as to how many public "bills" are upon the waiting list for funds with which to pay. The public now demands details, such details as can come only through the use of budgets. The annual estimates which the legislature required to be prepared by counties, towns and cities in Arizona, was one of the first budget laws adopted. The requirements of that estimate law have remained substantially the same since 1913 when it was first enacted, with such amendments thereto as were intended to make the law more effective in satisfying the purposes for which it was originally enacted. That estimate law, in the main will, if strictly followed, operate as an effective budget law.

The Magazine has repeatedly quoted from the law, and as frequently alluded

to and commented upon its purpose. Until the law is thoroughly understood, so thoroughly that public officials of counties and cities fully appreciate its requirements, and as fully appreciate their public duty to use every effort to follow the law, by complying both with its letter and intent, the real benefits of the law are less than what those benefits should be. Again briefly, the law intends that once a year every taxpayer shall have for perusal, a complete balance sheet of the public financial condition of every county, city, and town in this state, and in connection with this statement, the word "taxpayer," is intended to include every citizen without exception. The law recognizes the fact that the annual expenses of different offices vary in amount from year to year.

The ten per centum increase which the law permits in the amount of such estimates, was inserted in the law to prevent a shortage of funds actually necessary to pay out the cost of each office. The ten per centum of increase is "permitted" to prevent possible shortage, the law falls short of requiring that this leeway of "ten per centum" be used in any case where not required. The early legislature of the state saw the benefits of letting the people know how the public funds stood with respect to amounts actually received, with respect to amounts actually disbursed, and also with respect to outstanding liabilities which at any time during a year have been incurred, but not actually paid during the year. The estimates which that legislature required to be made, included the compilation of details, facts, and figures, which when actually made would show the true balance of public funds on hand. The words used are "balances" and "unencumbered balances". The meaning of those words is plainly as above outlined. Like a private individual, the actual bank balance may be one figure, the amount of checks against that figure alters the account when the real balance is sought for. If the private individual also has unpaid bills, as to which no checks have been drawn, then the true "unencumbered balance" of funds is such balance as would remain, if any, after both outstanding checks and unpaid bills, are deducted from the balance apparently to his credit at his bank. That individual may be solvent or insolvent, depending upon the true unencumbered balance figured along the above lines. The legislature intended that the public should have the benefit of just such a line of figuring, and just such "unencumbered balances" disclosed, as the first thing to be deter-

mined, and known, before any plans are adopted for a new year of county taxes and county activities calling for taxes and their use with the benefits of such other sources of revenue as might accrue during any year.

There is no reason at all for any difficulty in the preparation of the required "annual estimates", for counties towns and cities. The check-book, or to be exact, the "warrant-book" of the county is in charge of the board of supervisors, through its clerk. That book in the regular routine of business shows the dates, items, and amount for which each warrant is drawn upon county funds. The treasurer's office is the "bank" of the county. It is charged with money as that money comes in from taxes, both current and delinquent taxes, and such money as comes from other revenues to the county than produced from direct taxes. The "bank" is in turn credited with every warrant actually paid. And as those warrants are paid, the bank in turn, i. e. the county treasurer's office, charges those warrants against the different accounts of the different offices of the county, and the other purposes designated in the budget as purposes for which county funds are raised. If these charges are not so made, currently and as the warrants come in, the law certainly contemplates that they should be so made. With all these matters of bookkeeping carried out according to the real meaning of the estimate law and other provisions of the code bearing upon the same subject, there remains nothing for the clerk of the board of supervisors and the county treasurer to do, that a real balance of available funds may be found, but to get their books together and balance up. The items for such a balancing are, or should be upon the two sets of books. A proper attitude towards really doing what is required to be done towards preparing the required annual estimates of expenditures, assumed by the two offices, will quickly overcome any seeming difficulties in the way of striking such a balance. It must not be forgotten that it is the duty of the board of supervisors to prepare these annual estimates. Nor forgotten, that as the highest executive body of each county, those boards have power to require such reports from any other officer as may be necessary in order that the board in turn may do its duty. Nor again, it must not be forgotten that all else failing, the county revenue law has several penal provisions which apply to cases of failure to make reports, and also apply to failures to make such returns as may be necessary as connected with estimates as the basis for annual taxation

and annual county expenditures.

The legislature when it provided that the state tax commission should prepare the forms for annual estimates, intended that such estimates should be uniform throughout the state. This uniformity as to facts shown by such estimates, would then show the taxpayers of each county of the state whether or not, any particular office or other particular activity conducted in their particular county cost more or less than the cost of similar activities in other counties, and thus furnish a basis for comparison and possible reduction in costs. Or, with a uniformly prepared system of annual estimates throughout the state, the taxpayers would at least have the satisfaction of being able to inquire as to why it cost the taxpayers of one county more for the conduct of similar activities of similar offices than it did another county, and from an investigation for an answer to that question might find a means of equalizing such costs, with some reduction in favor of the taxpayers.

The State Tax Commission and its assistants are working in earnest towards the preparation of such forms for these annual estimates as will when put in use, fully comply with the letter and the spirit of the law. Co-operation on the part of county officials with those efforts of the State Tax Commission will give the interested public such statements as to county finances, as the law intends shall be so given.

The annual estimate law has been in effect since statehood. Every county board of supervisors, and every other county officer should know its provisions, and therefrom should know what will be required of each, that annual estimates be complied to conform to that law. **Whatever may be necessary in the way of paving the road for details of items and figures to appear in such estimates should be considered and should be done from time to time during each year, that no expense may be given, of lack of time during the eleventh hour of the end of one fiscal year, to then hastily attempt the making of a budget.**

With taxes constantly upon the in-

crease, it is little enough for public officers to be required to show the public at least once a year, **where that public is at**, from a standpoint of finances already used, and for future requirements. The law requires such showing to be made. There should be no laxity as to the matter of fully complying with such law.

Under the provisions referred to, the general public is granted the power to appear and be heard as to what money has been used for public purposes in a past year, and to be heard as to the necessity of use of funds proposed to be raised and used in a new year. The foundation for the use by the public of that right and power is the required annual estimates. Without proper estimates, the public is as much at sea, as it was when county boards used their own judgment and levied and expended such amounts as to such boards seemed necessary.

One very important step towards any possible reduction in amount of public expenditures is a real estimate, or real budget as the basis for action.

## *The Public Demand, and Public Expenditures Increase Therefrom*

The increase in amounts required to support the public activities which are now in fact supported from public funds was not spontaneous. That increase did not grow up by itself, unaided by the action of the public for whom government and the required, sanctioned, and actual undertakings thereof, which now exist with demands for financial support from the public.

The little ditty of "Topsy" in Uncle Tom's Cabin, of "T'se the child what never was born, expect I grew up just like corn," etc., does not have any counterpart in that increase of public burdens which now confront the American people, and which exist, and why it exists is not known for reason of the fact that the public which now complains of high taxes, and which in fact had known parentage in the past. That parentage was a public demand for some new activity, other demands for still other activities, all satisfied by responding legislation, until now after years of indifference as to each added burden, the public have a whole family of "Topsies" to support, and attempt to deceive itself by resort to the excuse of it seems impossible that there should be so many, and that the cost to support it all should be so great. To remedy the situation

there comes about a clamor for investigation, civic clubs, and other organizations take up such an investigation, and after a more or less superficial survey as to the real cause, content themselves and their supporters with starting some search for the proverbial "nigger in the woodpile," directed in the main to something of reflection upon the official action of some officer, public board, or public commission, whose expenditures may present an imposing aggregate, and after pursuing such a course and finding nothing actually wrong with the expenditures of such aggregates, those pursuits are discontinued, and the impression is left, that the enormous increase in public taxes is unavoidable, and that increased amount of public funds which becomes necessary to conduct public business, is nothing but one of those so-called "necessary evils", and that burden upon private enterprises, private business, and private individuals which result from such evil, is no more and no less than one which is finally placed in the files of public opinion, as being something which because it cannot be prevented must be endured.

### **Public Expense can be reduced by the Public itself through elimination**

Nothing is more fallacious nor farther from the truth, than public resignation to the inevitable result that it, as a public can do nothing to reduce taxation. The real truth is that the public itself has created the cause which in its final course of natural consequences, has brought about the results of which that same public is now complaining. The public itself so far as the will of that public has been exerted in the creation of public activities, has been father to each and every present activity involved in the multitude of action now taken by public officials, through public offices, public boards, public commissions, and public institutions. The acting public has demanded from time to time that the family of public functions be increased, that demand has been satisfied through legislative enactment. Each new addition to the family of such functions has brought with it an added expense. Strange as it may seem, the members of that family of public functions, live perpetually. They seem to grow vigorously and with that growth require more and more for their support. And with it all, the taxpayers are called



upon to support what actually exists, what actually continues to develop from its own energies, and while those taxpayers continue to strain with the financial loads which have grown up in the manner indicated, they seem to have failed to appreciate their power to cast off the unnecessary in that load, or fail to appreciate the existence of a public power to again assert itself to the extent of gradually looking over the work which their affirmative action, has aided to the increase of the load, or of awakening from a lethargy of indifference and inaction as to what is now in that load. The real truth of the whole matter is that no public agency now exists, nor is any public activity now conducted, except from the origin of a demand therefore made by some element of the public, and supported by demands made for the continuance thereof by the same element of the public which caused its creation, or by still other members of the public who find the particular activity of personal advantage. Another real truth is, that the public as a whole have acquired the habit of looking more and more to public agencies as the factors to handle problems which in the past were handled and solved in private and through private activities. The public has drifted from a condition of self-reliance on the part of its individual members such a self-reliance as enabled those members to handle many situations of concern and bearing upon their private affairs, to a stage where the first thought in connection with some new feature, or new condition bearing upon such private affairs, seems to be for a law to cover it. The self-reliance of individuals seems to have been almost entirely discarded, and in its place has come a resort to governmental paternalism, through which more and more private problems, more and more matters of concern to but a few, through agitation become of magnified importance, and finally become matters for public regulation and of course bring about increased public expense, with increased taxes.

#### **Decrease Public Demands as to activities and Taxes will decrease**

So when the real truth is brought home to the public, it appears that the public itself is the cause of high taxes. It demands less taxes, but fails to do those things which must be done towards a possible reduction in expenditures. Experience along the line of attempts to eliminate public activities which entail considerable expense, and are of doubtful importance in potency for general public welfare, are met with about the same opposition as would result in case

of attempted assault with intent to murder. The public as a whole may appreciate the necessity of simplifying and reducing present public activities, but when attempts to so do result in singling out one or more activity as being unnecessary and as such, one which can be eliminated, its parents or their children, immediately come forward with cries of "shame", and protests so vociferous in nature, that public disaster and ruin would seem to follow a cutting out of such an activity. And so it goes all the way down the list. The general public do actually know and feel that the many laws which now regulate minor matters, many lesser commissions and boards of administration for some almost insignificant detail of public endeavor, are too salutary, unduly oppressive, and in fact in some cases actually obnoxious to the great majority of people. The knowledge and feeling of the general public as respects these unnecessary units in the affairs of government, is at present quite freely evidenced through the frequently heard expression of, "there are too many laws, and too much regulation," but the public has not as

yet become so amalgamated to an extent of giving such an effect to that knowledge and feeling, as would follow from an expression of a united majority of the people, actually favoring, and actually insisting upon the abolishment of all the ineffective for public good, and the other unnecessary and dispensable, laws, offices, and officers, which would result in a return to a more simplified code of laws, a less expensive government, and finally in the achievement of a cure for the disease of "high costs of government", with which all branches of government is now afflicted, through a substantial decreasing of the amount of taxes with which the public would then be burdened.

The expenditures of government have arisen through public demands for activities which are included in those expenditures. The cause is the demand. When the public turns over a new leaf, and demands a threshing out of the unnecessary from the necessary, and when that demand is met through legislative and other channels the final demand of the public for less tax burdens, will become satisfied, as an effect from a cause.

### **STATEMENT OF GASOLINE SOLD UPON WHICH TAX WAS COLLECTED FOR YEARS 1922 AND 1923**

The statement which follows shows the number of gallons of gasoline sold upon which a gasoline tax has been collected, and covers the months of the two calendar years, 1922 and 1923. The table also shows the amount of tax actually collected during that same period. Prior to June 9th, 1923, the Secretary of State collected such tax at the rate of one cent per gallon, an amendment raising the rate to three cents per gallon became effective on that date, and the figures from then on are at the new rate. While the law on its face, took effect as of above date, a case to test the validity of the law was brought and decided, holding the law constitutional, the Secretary of State in giving out the compil-

ation of figures, also states that a balance of \$51,430.30 of gasoline taxes have not yet been paid for a period between June 9th, 1923, and July 19th, 1923. The uncertainty as to the law was among the causes for non-collection of that amount.

The total amount collected is credited to the highway fund of the state and counties in such manner that one-quarter goes into the "25 per cent state portion of highway funds," one quarter thereof into the "75 per cent county portion of highway funds," and the remaining one-half of such tax is divided among the several counties in proportion that such tax is collected from each county.

MONTH	1922		1923	
	Net Gallons	Tax Collected	Net Gallons	Tax Collected
JANUARY	1105829	\$11058.29	1558407	\$15584.07
FEBRUARY	1137395	11373.95	1584076	15840.76
MARCH	1213830	12138.30	1566449	15664.40
APRIL	1375573	13755.73	1726864	17268.64
MAY	1491367	14913.67	1946410	19464.10
JUNE	1527912	15279.12	1938397	19383.97
JULY	1612094	16120.94	1870763.75	30022.67
AUGUST	1443662	14436.62	1797475.1	53895.98
SEPTEMBER	1565762	15657.62	1923835.9	58157.04
OCTOBER	1627484	16274.84	2058731.9	61493.03
NOVEMBER	1645965	16459.65	1926990.75	57809.75
DECEMBER	1713763	17137.63	1936940.85	58108.24
	17460636	\$174606.36	21835341.25	\$422692.74

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME ELEVEN

PHOENIX, ARIZONA, MARCH, 1924

NUMBER THREE

## SHALL THE TAXPAYERS GROAN WITH INCREASED TAXES WHILE PLEASURE SEEKERS RIDE SMOOTHLY, CARE FREE AND TAX FREE UPON HARD SUR- FACED ROADS?

APR 1 1924

An Initiative Petition is being circulated proposing a constitutional amendment authorizing a state bond issue of \$7,000,000.00 for one highway.

The question which that petition puts squarely up to the voters of whether the state will bond itself to the extent of \$7,000,000.00 "for the purpose of completing the construction and paving of a permanent hard surface state highway from the bridge across the Colorado River at Yuma to the City of Tucson, by way of Gila Bend, and Phoenix, and constructing a highway bridge across the Gila River at Gillespie Dam," is a direct appeal for the support of autoists who have a vote, who tour much, and a majority of whom pay but little in the aggregate of taxes.

Taxpayers in general should look at an aggregate valuation of \$697,002,006.00 of taxable property which will be called upon to pay the annual interest and annual installments of principal of any such bond issue, and consider that the automobilists as a class, have automobiles of an assessed valuation of only \$12,054,074.00 and while seeking the greatest benefits from such a bond issue, will in fact be called upon to pay only ONE DOLLAR AND SEVENTY-TWO CENTS, out of every ONE HUNDRED DOLLARS required should such a bond issue be voted.

In a greed for the luxury of good roads, with an impatience which cannot wait the ordinary results from use of present funds available for the actual construction of a serviceable highway line now nearing completion over the same line proposed in a bond issue, the boosters for good roads, primarily the pleasure seeking automobilists and tourists, would selfishly increase the tax burdens of taxpayers upon whom falls over NINETY-EIGHT per cent of the present burden of taxation, and do so regardless of final consequences to the state, in order that touring may be a pleasure, and that automobilists upon pleasure bent can ride care free, luxuriously and smoothly in their pursuit of pleasure, while the thrifty people sweat and toil to earn the wherewithal to pay their present tax burden. Shall that tax burden be increased to the extent incident to \$7,000,000.00 more bonds to satisfy that pleasure seeking public?



## The Proposed Amendment to Authorize State Bonds to Amount of \$7,000,000 With Some Figures Which Call for an Answer "No" Thereto

### AN ACT

To amend the Constitution of the State of Arizona by adding Section 5A immediately following Section Five of Article Nine, and providing for the issuance of bonds for completing the construction and paving of a permanent hard surface State highway from the City of Yuma to the City of Tucson by way of Gila Bend and Phoenix.

### BE IT ENACTED BY THE PEOPLE OF THE STATE OF ARIZONA:

That the Constitution of the State of Arizona be, and the same is hereby amended by adding Section 5A at the end of Section 5 of Article 9 of said Constitution, said Section 5A to read as follows:

"Section 5A: In addition to all other state debts Seven Million Dollars of bonds of the State of Arizona, shall be issued and sold and the proceeds thereof placed in the State Road Fund and used by the State Engineer, under the direction of the Board of Directors of State Institutions, for the purpose of completing the construction and paving of a permanent hard surface state highway from the highway bridge across the Colorado river at Yuma to the City of Tucson, Arizona, by way of Gila Bend, and Phoenix, and constructing a highway bridge across the Gila River at Gillespie Dam.

"So much of said state highway as is not already so paved shall be paved throughout its entire length with a permanent hard surface and be, together with the base, of such width and thickness as will meet the requirements of a Federal Aid highway.

"Immediately after the first day of January, 1925, the Loan Commissioners of the State of Arizona and the State Treasurer shall proceed to issue and sell negotiable coupon bonds of the State of Arizona in the Amount of Seven Million Dollars (\$7,000,000.00) for the purpose of providing funds for the construction of said state highway and bridge. Said Bonds shall be issued and sold and provision for payment made in manner provided by Chapter 1 of Title 52 of the Revised Statutes of the State of Arizona, Civil Code, 1913.

"Nothing herein contained shall be construed as rejecting or interfering with Federal Aid in completing the construction of said highway, as the funds provided for herein are to be used together with such Federal Aid money as may be received for expenditure on said highway.

"In the event the funds herein provided are not exhausted by the construction of said highway the State Treasurer shall remove any remainder from the State Road Fund and place it in the Sinking Fund for the redemption of the bonds herein provided."

A few figures which show the present tax aggregates of the state of Arizona and its counties, including taxes levied for the special purposes of school districts, and other special districts, and which otherwise speak for themselves in a comparison of amounts of taxes raised for all such

purposes, the portion thereof raised and expended for highways, and highway bonds, with the aggregate values of the property of the state, for taxation purposes, and incidentally the portion of such total valuation represented by assessment values of automobiles taxed in the state.

Total State Taxes for year 1923.....	\$ 4,007,761.54
Total General County Taxes, year 1923 .....	7,104,898.31
Special School District Levies, 1923.....	2,863,892.29
Total Other Special District Levies, 1923.....	286,629.43
<b>Total Aggregate of Taxes for 1923.....</b>	<b>\$14,263,181.57</b>
<b>County Highway Bonds Outstanding.....</b>	<b>18,321,000.00</b>
Annual Interest upon above Bonds. (Average at Five and One-Half per cent per annum) .....	1,007,655.00
Annual Redemption Fund Required (five per cent per year) ..	916,050.00
Annual Tax-Burden from Highway Bonds.....	\$ 1,923,705.00
<b>Total Assessed Valuation of Property, 1923 Tax Rolls .....</b>	<b>\$697,002,006.00</b>
<b>Total Assessed Valuation of Autos, 1923 Tax Rolls .....</b>	<b>12,054,074.00</b>
<b>Counties expended in fiscal year 1922-1923 for:</b>	
Highway Construction and Maintenance .....	\$ 1,429,579.96
Interest and Redemption on Highway Bonds .....	1,923,705.00
State Expended (same year) Tax Raised Funds .....	713,398.08
State Expended (same year) Other Road Funds .....	2,677,746.35
<b>Total for Year, all Highway Purposes.....</b>	<b>\$ 6,744,429.39</b>
<b>Total Direct Taxes Paid upon Automobiles 1923 Tax Rolls)....</b>	<b>\$ 245,326.72</b>
<b>Total Collections of Gasoline Tax for last Calendar Year .....</b>	<b>422,692.74</b>
<b>Total Motor Vehicle Licenses .....</b>	<b>281,670.75</b>
	<b>\$ 949,690.21</b>

The foregoing figures show that out of every **hundred dollars** of direct taxes collected for state and county purposes, only **One Dollar and Seventy-Two Cents** is raised in taxes upon automobiles.

The total authorized expenditures for state and county purposes for the present year is the sum of \$17,290,661.00, of which on same basis of expenditure for highway purposes as the expenditures of last previous year, \$6,744,429.39, or **Thirty-Nine Dollars** out of each **Hundred Dollars**, for highway purposes. Giving the automobiles of the state full credit for all direct taxes paid, for all motor vehicle licenses and three cent gasoline taxes collected, that entire credit will amount to \$949,690.21 for a year, and will be less than **Five and One-half Dollars** out of each **One Hundred Dol-**

**lars** required for all governmental purposes of the state and its counties, and the above referred to constitutional amendment would add \$7,000,000.00 to the public bonded indebtedness, and would add an annual interest and redemption charge of at least \$630,000.00 to state taxes and would either bring the ratio of public funds to be annually expended for highway purposes up to over **Forty-one Per Cent** of the total of **All Expenditures** for state and county purposes, or result in suspending highway construction in other portions of the state through inability of taxpayers to carry on under a forty-one per cent burden and force a reduction in appropriations of state and county funds to be available for other highway construction in the state.

## Are we for a Greater Arizona of the Future if we Leave a Heritage of Bonded Indebtedness Created for Present Luxuries?

All of us would prefer the luxury of a pullman car to the inconveniences of a day coach or even the caboose of a freight train, when we travel. The lure of luxury is very seductive, it often quiets the better judgment which calls for simplicity and economy consistent with the real financial ability of individuals, puts a lull upon ideas of real thrift which involves slow but steady efforts to progress and individual success, and too often causes a person to plunge into indulgences beyond their means, with a result that such a person many times answers a call to moments of luxuriously expensive enjoyments, wastes his substance for a few moments of resulting pleasure, and thereafter awakens to the stern realities of every day life, and then too late, repents at liesure upon the folly of such indulgence. So it is with some propositions which appear to the present public in the guise of being real necessities, and which are accepted as being such, not through any keen analysis of impartial minds of members of the public, but so accepted for reason of the fact that concealed in such propositions, like a wolf in sheep's clothing, is the alluring call of the luxury which the proposition will produce.

### **The Individual Pays the cost of his private excesses... The Promoter of Excess Public Expenditures Saddles the Cost upon others also**

The individual who indulges in luxuries in excess of real financial ability, must individually suffer the penalty therefor. The individual who promotes a public proposition, which requires a public bond issue, to the extent that such proposition so favored and fostered by him for reason of the luxurious benefit he may enjoy therefrom, forces ideas of luxury, and forces the results of such luxury upon others as well as himself. If such an individual is really a taxpayer, and as such simply promotes the luxurious feature of a public project as such, then in a sense there is an element of candor in the position taken, that taxpayer favors the committing of the public to the project, knowing that the main purpose is just what it is, and knowing also that such a promoter commits himself to a share of the required tax burden of the project itself. When however, a public project which savors

strongly in results which include more of convenience to some of the public, more luxury in fact, than it does of anything like necessity as a real means of public progress, is promoted by individuals, who as a class contribute little if anything to the aggregate of taxes now needed for public purposes, and who as a class would contribute as little to the tax burden incident to a project put over by their votes and efforts, there is no element of candor nor fairness about it. The project is immediately to be classed as one to be foisted upon the entire public, as one of the many similar projects which have already been so foisted, by an element in the public, whose aim in life is to get all they can, without cost to themselves, and with a selfish indifference to what the cost may be to the other portion of the public who are now paying, and must continue to pay to already increased public burdens, so increased with public projects, which have come into existence through the use by a thoughtless majority of the public, of the idea, **It costs us nothing. Lets have it, why should we worry about the payment, the other fellow pays the bills.**

### **Use for pleasure still predominates in the Actual use of Automobiles as compared with use for real business**

The most subtle of all present day public luxuries is involved in the clamor for good roads. The growth of the use of automobiles has given birth to an almost universal feeling of a desire to tour somewhere. The practical use of automobiles as an aid to private industries is not at all discounted as coming to be a valuable asset connected with business, when it is remembered that the number of pleasure automobiles in the United States, still outnumber the number of commercial cars, nine to one, there being according to the latest available figures, 10,959,571 of the pleasure cars, to 1,278,804 commercial cars, in the United States, and from those figures, the prevailing use of automobiles is still for pleasure. So far as partial uses for business, is connected with the above number of automobiles listed as pleasure cars, that partial use is such as follows their owners to and from their homes to their places of business, and the circuit of their business confined to the immediate vicinity

of their business activities. To illustrate the connection of business with so-called "pleasure cars," the doctor calls upon his patients with his car. The banker goes to his bank from his home and returns in his. The retailer may use his car for deliveries to his customers as well as a means of taking him to and from his place of business. It is rarely the case that any of these business men are called upon to tour from one city to another, upon purely business calls. The farmer uses his automobile for trips to town for supplies, and hauls in his products thereon. His real business of farming, whether it be producing crops, dairying, poultry raising, or fruit farming, if given proper attention, is such a business, as prohibits long trips, either by rail or automobile. Extensive trips to the farmer are usually pleasure trips, as distinguished from business trips. So the illustration of the difference between indispensably necessary highways, as connected with business growth, and touring highways for pleasure and vacations, might be extended indefinitely. The illustration serves the purpose of showing that the time is not yet ripe, the growth of business demands for the use of automobiles for business relations between remote parts in Arizona, has not yet reached the stage where the outlay for construction of permanent hard-surfaced highways, will repay itself to the business which might be easier and more quickly transacted thereon. That under present conditions in Arizona, the public cannot afford any extra burden of taxation whatever, for any purpose at all, which will not return a direct profit in private activities fostered by such projects, of more than the cost thereof. The public cannot presently afford to bond itself for the construction of highways for pleasure at all.

If the voting public are to be deluded in voting an approval of a state bond issue of \$7,000,000.00 for the purpose of putting a hard surface upon a highway which at present is serviceable, and upon which an average speed of travel can be maintained for its entire distance, and which highway when constructed and improved with funds, state, county, and federal aid funds, already in sight to the end of its construction over the entire route as between Tucson, Gila Bend, and to Yuma, will meet all present business



demands, and satisfy all reasonable demands for a touring public, that delusion will come through the public giving way to demands of the luxuriously inclined, rather than from any sanction of such a bond issue for reason of required necessity of real business to be carried on over such highway.

It is not required that it be made to appear that no business will be carried on over the highway between the places mentioned. The question of some business and no business at all is not the controlling question. The real question is of whether present highway plans when completed will result in opening the way for the transaction of all present business relations between those places, and in that way actually satisfy all present requirements of present business necessity, and whether a still more costly highway, produced through the expenditure of \$7,000,000.00 more, would do any more. If that expenditure will not increase the business to be done over that highway to such proportions that from the increase alone, an investment of \$7,000,000.00, will be a profitable investment, then the investment would be a public luxury as distinct from a real public necessity.

#### **Too Much Borrowed Money May Retard Development**

The argument of putting up a "good front" to the touring public who might traverse Arizona, with that good front consisting of miles and miles of highways constructed with borrowed money, might deceive some, but such portions of that touring public who might become interested in the opportunities of Arizona sufficiently to really investigate, might look behind the scenes, and there find millions of dollars of outstanding highway bonds, with their annual interest and redemption charges, impressed for years into the public tax rates of the state and

its counties. Those investigating the conditions might see danger ahead to any prospective investor in Arizona, due to the fact that the public had plunged into debt faster than its private business activities could afford to do, without strain and without some financial embarrassment. That same investigation might disclose the fact that property in Arizona is already assessed at practically its full cash value for taxation purposes, might also disclose that the actual public expenditures have constantly increased, year by year, an increase to which the interest upon bond issues has contributed its large portion, through calling for the payment of interest upon over \$18,000,000.00 of county highway bonds, out of a total public bond issue of over \$42,000,000.00.

#### **Investors Look for Profits not for Tax Burdens and for Conservatism Rather Than Extravagance in Their Associates**

To sum it all up, the conservative investor who might be partially attracted to possible opportunities for investment in Arizona, might see extravagance, lack of real economy, lack of real thrift on the one hand, and might have suspicion that the public action of the people of Arizona, which had produced the bold front of miles of highway, was an action intended to deceive, or that the public of Arizona was in the control of those to whom the present enjoyment of the best, so long as the other fellow does the worrying at settlement day, and to whom the pleasures of today are more important than a stabilized progress in things worth while for the future. And such conservative tourists, so seeing the real light, might prudently refuse to enter as investors in a situation of that kind.

There is such a thing as "paying too

much for your whistle", and the Arizona public should think not once, but twice and more, before it sanctions a state bond issue of \$7,000,000.00 for the purpose as to be proposed to the voters. Let the people consider the fact, that over two-fifths of the entire bonded indebtedness of the state in its counties, is for county highway bonds. Let the people consider that over one-fourth of all state and county taxes are now raised for highway purposes, for highway construction and the interest and principal of highway bonds. Let the people consider that when all other sources of public revenue are added to the amount of direct taxes for state and county purposes, that the same proportion is maintained, when it is true, that with the cost of maintenance of highways in the state, added to the annual taxes for construction and maintenance, the portion of maintenance of highways drawn from other sources than direct taxes, brings the total of expenditures for highways up to more than one-fourth of all public expenditures for all purposes. Let the taxpaying public, whether automobile owners or not, consider the siren of the tourist as connected with more bonds for highways, in the same light of the whistle in the days of Ben Franklin, and consider whether or not an additional \$7,000,000.00 of highway bonds, voted at this time, will not put that public in the plight of the boy who spent all he had for a whistle, and then broke the whistle.

Good roads may be desirable, but the present public cannot afford to go to extremes in their construction, nor safely pledge public credit therefor, without carefully considering the future, and in that future the question of upon what class of property, real or perishable, and upon what class of taxpayers, whether transient or permanent, the final burden of paying will rest.

### ***Some Thoughts as to Present Plans and Available Finances for the Adopted Highway System in Arizona***

The last state legislature in the highway appropriation bill specifically designated that certain "federal aid" highway projects should be completed through the use of state funds as such funds became available, which in carrying out such designation as to use of state funds means that for every thirty-nine dollars of state funds available, there will be sixty-one dollars of "federal aid" funds for each one hundred dollars of

constructed highways. This proportion of contribution to such projects arises through the application of what is known as the "seven per cent" system adopted by the Federal authorities in the use of government funds toward state aid in highway building, with credit given for acreage of public lands in Arizona which brings about the proportion as above, instead of being a "fifty-fifty" contribution as it would be without such credit.

It may be stated for the benefit of readers who are not familiar with the situation that the attitude of the last state legislature was towards the completion of a system of highways which will be for the benefit of the entire state, and which system will include approximately fifteen hundred miles of highways which are to be first constructed in connection with federal aid funds, and to include the construction of highway

projects as to which the approval of the federal authorities has already been obtained, and the actual construction of the highways of such projects can proceed without further planning, just as rapidly as state funds to match federal aid funds, are available for the purpose. In other words the state authorities in the past have been working to an adopted system of state highways, the completion of which will connect the important towns and cities of the state with the state capital, and with each other, and will at the same time afford tourists a choice of highways upon which to enter the state from adjoining states, and a choice also of different routes of travel through the state. In a recent issue of the Magazine a map was published which showed the entire mileage of highways which are already included in the adopted system, both federal aid highways, and other purely state highways. If the present course is carried out without interruption, it is only a question of a reasonable time, within which that entire system of highways can be financed through the use of highway funds provided through annual state tax levies, through gasoline taxes, and federal aid funds, to which may be added such portions of county highway funds as the boards of supervisors may deem proper to use upon the highways of the adopted system lying within the boundaries of each county.

**With Only One and 72-100 per cent of Taxes Borne by Automobiles as a Taxable Class of Property. All Taxpayers Have Been Liberal Toward Highway Construction**

With the system of highways to be constructed already determined, and with the fact before the public that many miles of that system has already been constructed through the co-operation of state officials, county boards of supervisors, and county highway commissions having charge of county funds derived from highway bond issues, there seems to be no reason at all for the public to inject any new features into the matter, either in the way of new lines of highways or in the way of something new in the matter of supervising the actual construction. It is true that the use of automobiles for touring, for pleasure and for business purposes has developed with amazing rapidity in the last ten years. It is also true that the burden of providing funds for highway construction is a public burden which must be borne directly or indirectly by the entire public. The direct taxes for such purpose have been levied in the past, and will be levied

in the future upon all classes of taxable property, and taking the tax year of 1923 for example, motor vehicles with a total assessed valuation of \$12,054,074.00 out of the total assessed valuation of all property taxable within the state of \$697,002,006.00 carry only one and seventy-two one-hundredths per cent of direct tax burden. Or it is the same thing to say that out of each one hundred dollars raised by direct taxation for highway purposes, motor vehicle owners as a class, pay only one dollar and seventy-two cents. It is also true that within the past ten years eighteen million five hundred and one thousand dollars (\$18,501,000.00) of highway bonds have been issued by the various counties, and that it costs the taxpayers in the aggregate over two million dollars per year in taxes to pay interest upon these bonds, and the annual amount in sinking funds for final repayment of the principal thereof. And when it is true that the total taxes of the state, for state, county, city, town, and school district purposes, amount to over \$16,000,000.00 per year, out of which over \$1,400,000.00 is raised in the counties for highways, and out of which approximately \$700,000.00 is raised in state taxes for the same purpose, it shows that out of the entire direct tax aggregate of taxes raised in the state for all purposes, approximately one-fourth of that entire amount goes into highways, either as an interest and sinking fund burden on account of bonds outstanding for highway construction, or in new construction. As a class of property, the owners of which are most nearly directly benefited from the situation as above given, motor-vehicles as a class, contribute in direct taxes towards all public purposes, less than three hundred thousand dollars per year. Upon the rolls of 1923, which produced \$16,202,114.16 in taxes as above referred to, the motor vehicles at an assessed valuation of \$12,054,074.00, were taxed an aggregate of \$278,676.36.

**Highway Construction Should Come Through Demands of Business Needs Only**

Of course it would be wrong to charge up the entire benefits accruing to the public through the construction of good roads, to automobiles alone. But when it is considered that the annual amounts which have been raised and expended for highways have been constantly increased, until one-fourth of the entire tax burden of the state is involved in highway activity at the present time, the question of ascertaining just how much present return may be credited to highways as a return profit to the general

public for its annual investment therein, becomes a business question. Another question is of whether the available good roads already at hand have become a means of increasing commercial activities by lessening the expenses of operating such activities, and therein showing a profit upon investment by the public in good roads. Still another question of about the same character of query is, as to whether the industrial and commercial activities of the Arizona public have advanced to that stage of progress which demands the necessary incident of quick means of highway travel that such activities may thrive and prosper to a greater extent, than they would prosper, thrive and increase, without the added cost of more highway construction. Or is the public attempting to excuse the demand for more and more highways, by deceiving itself into believing that it is more profitable to do things at break neck speed, when in fact the same thing could be accomplished through slower means, and at greatly less cost.

**Highway Construction Which Keeps Pace With Profitable Business use of Highways is as Fast as Arizona can Afford Such Construction**

The "ready to serve" feature which permeates more than one branch of governmental agencies and public institutions, to establish which, and the continued maintenance thereof, is a feature to which may be charged a goodly portion of the unnecessary expenditure of public money. Unless there is real need for the particular service provided, it is extravagant and contrary to rules of economy, to provide that service. It is equally extravagant to continue such an unnecessary service beyond the requirements of actual needs of the public therefor. This "ready to serve" feature is present to some degree in connection with demands for more highways. The public may in fact use for some purpose or other every new highway that may be constructed, but the real question which should precede the taking on of more burdens of taxation for highway construction, is the question of whether the use to which the proposed highways are to be put, will be such a use as to be profitable to the whole public, and a use that will increase the facilities for transacting business as between different portions of the state, by furnishing facilities actually required in the sense of being indispensable, as contrasted to the "ready to serve" side of the matter, for use according to the dictates of pleasure or

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## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription MARCH, 1924 50 Cents

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### SOME THOUGHTS AS TO PRESENT PLANS AND AVAILABLE FINANCES FOR THE ADOPTED HIGHWAY SYSTEM IN ARIZONA

(Continued from Page Five)

whim, for no reason at all except that the highways have been constructed for use.

The real thought seems to be, that Arizona is a young state, rich in resources and full of opportunities for progress in lines of trade, commercialism, and all allied industries. The public of Arizona is united in that spirit of accord which prompts the doing of those things, and assuming the financial burden of so doing, to the end of developing the possibilities which will bring future prosperity to its people. With such a desire on the part of the public, there remains only such a use of conservative judgment as to what shall be done, and when to be so done, as will guard against going to extremes as to any attempted development, and by so doing destroy the symmetry of what might otherwise be a well rounded out structure of progress, with the lines of particular activities blending and harmonizing with others, and with each attempted activity so supported and rounded into such strength as in turn to carry without strain such added burdens as may be distributed to it as its share in a continued future building for progress and lasting

development. That controlling thought which is included in conservatism as that term may be applied to the subject, is one, the use of which will prevent the public from unwittingly going to extremes as to any public venture, be that venture the construction of highways, or any other public undertaking.

As stated above in this article, the taxpayers of Arizona have been quite liberal in the matter of taxation towards the construction and maintenance of public highways. And in another article in this issue of the Magazine, there is given a synopsis of what is actually doing in

Arizona, along the lines of highway construction, from which to emphasize the fact that slowly, perhaps, but surely, the necessary highway system in Arizona is being constructed, and without interruption, will finally be completed. The progress is as fast as the present public can really afford to pay, which fact should be sufficient answer to the demands of the impatient members of the public, whose demands for haste is somewhat out of proportion to their collective contribution to the cost of what is being done, to say nothing of the possible cost of doing that which impatience demands.

## Progress In Highway Construction In Arizona

Information which has been given out from the offices of the State Board of Directors and State Engineer is to the effect that Federal Aid highway projects now in the course of construction will cost \$1,777,320.00. That this amount represents what has been done and work in progress to the end of completion within a very short period of time upon sixteen different federal aid projects. These projects are as follows:—

Hot Springs to Nada, project No. 76, grading and placing of structures to cost \$41,342.00.

Phoenix-Yuma, projects Nos. 69 and 55, grading, surfacing and construction of drainage structures, thirty miles long between Piedra and Aztec, to cost \$175,182.00. This thirty miles will be completed about July first of the present year, up to date twelve miles of grading has been done and five miles of surfacing.

Hassayampa to Gillespie Dam, project No. 64A, includes eleven miles of highway, the grading and surfacing of which will cost \$77,372.00, and will be completed during the present month of March.

Tucson to Nogales, federal aid projects Nos. 25B, 66, and 75, bridge construction upon nine bridges, to cost \$74,521.00.

St. Johns-Springerville, federal aid project No. 68-A, grading and surfacing, cost \$51,726.00.

Oatman-Topock, federal aid project No. 39, mostly filling work, about completed at cost of \$7,000.00.

Prescott-Ashfork, federal aid projects Nos. 61 and 62, grading, surfacing and placing of structures, on strip fifty-seven miles long, work will be completed during March of present year. These projects cost \$210,386.00 and \$325,000.00 respectively.

Marinette paving, includes a bridge structure across wash of Aqua Fria river, and four miles of paved highway from Marinette towards Wickenburg, just completed at a cost of \$123,409.00.

Mesa east, on the Superior-Miami highway, includes four miles of bitulithic paving, sixteen feet wide, with flush curbs one foot wide on each side, will be completed during present month of March at a cost of \$145,072.00.

Geronimo-Solomonville, projects Nos. 63 and 67, paving of highway, with asphaltic concrete paving, for seven miles in No. 63 at a cost of \$228,310.00, and concrete paving seven miles of project No. 67, at a cost of \$238,000.00. This work is also nearing completion.

Florence-Superior highway, the construction of a bridge in project No. 32, at a cost of \$35,000.00.

All of the above highway construction is progressing under contracts already let, and in addition thereto the highway department is about ready to call for bids upon twelve miles of surfacing upon Duncan-Solomonville road; upon twenty-nine miles between Congress Junction and White Spar, on Phoenix, Wickenburg, to Prescott route, which will complete that route when finished; upon the paving of nine miles between Buckeye and Hassayampa, in the Phoenix to Yuma route; upon a contract for grading and surfacing of road between St. Johns and Springerville.

The department is also expending about \$30,000.00 in widening and straightening the Apache trail leading to Globe, and about \$15,000.00 in resurfacing portions of the Miami-Superior highway.

It will be noticed the above work of highway construction includes the completion of links in that portion of the

Borderland Route between Phoenix and Yuma, which is included in a newly proposed constitutional amendment which would authorize the issuance of \$7,000,000.00 to "hard-surface" that route for its entire distance, and thence on to Tucson. In fact the above includes some \$300,000.00 of funds to be used to complete the construction of the highway in manner as already planned, and to so complete it within the present year. The readers of the Magazine who may also be readers of the Automobile sections of our Sunday papers, may have seen the claims recently made of record breaking trips over the highway from San Diego, via Yuma into Phoenix, trips made in re-

cord time and without mishaps to driver or automobiles. The highway bulletins announce the fact of "good roads" Phoenix to Yuma over this same route except for detours on account of present construction. A majority of our taxpayers are not speed-maniacs, nor would be record breakers upon trips to and from the coast. The fact that a good highway is being rapidly completed over the above route, which will in fact be safe and "fast" enough for ordinary travelers should for the present satisfy all requirements of necessity for that route. Certainly with all other demands for the construction of equally serviceable highways, justly coming from other portions

of the state, which have patiently awaited their turn for available funds, it will not be good business nor fair to those portions, to vote bonds, destroy the result of use of funds in the present highway to Yuma, and add thereto portions of the proceeds of a \$7,000,000.00 bond issue to be available for that route, and for no other highway in any portion of the state. The proposition of bonding to pave, seems like an attempt to overdo the matter and to absolutely ignore other portions of the state, north, east and west, not benefited directly by a paved highway from Tucson, to Phoenix, on to Yuma.

## QUESTIONS AND ANSWERS

**Q.—Is there any requirement of law for annual estimates covering the schools of the state, and if so, from what source will boards of supervisors obtain data for such estimates?**

**A.** In answer to that part of above question as to a requirement for annual estimates as to schools, the reader is referred to paragraph 4840 of the code, as amended on pages 88 and 89 of the session laws of Arizona for year 1921, which paragraph, so far as it relates to the question asked, reads as follows:

"It shall be the duty of the board of supervisors of each county, not less than thirty days prior to the date on which the regular annual tax levy is made, to prepare a statement covering the items and details of purposes of expenditures made for the fiscal year last past and as included in the adopted estimates for expenditures of that year with a statement which will show contingent claims, encumbrances upon funds, if any, balances of funds, and to be otherwise a full and complete statement of the financial affairs of the previous year; and to connect therewith an estimate of the different amounts which may be required to meet the public expense for the ensuing year, therein fixing amounts proposed for all subjects which are recurring items of expense, with such an amount for contingency or emergency expenses as may occur, but which cannot be anticipated in advance. The said estimate shall contain a statement of the amount of money required for each item of expenditure proposed for county \* \* \* purpose, together with the amounts necessary to pay the interest and principal of county bonds, and the items

and amounts of every special levy by law required to be assessed, levied and collected upon the tax rolls of each year \* \* \*. Such estimates shall be fully itemized, showing under separate heads the amounts proposed as to be required for each department, public office, and public official, for each public improvement, and for the maintenance of each public building, structure and institution, **and for each school,** \* \* \* and shall contain a complete and full disclosure and statement of the contemplated expenditures for the ensuing year, showing the amount proposed to be expended from each separate fund, and the total amount of proposed public expense."

From the above language it appears that the annual estimates which are required to be published, both in the general language used as applying to all county purposes, as to all county funds, as to all county officers, and in the language which specifically includes "each school," and the items and amounts of every special levy by law provided to be assessed and levied," leave no room for question that statements as to school finances, past expenditures, and proposed expenditures for an incoming year, are among the statements required to be disclosed in the annual estimates to be prepared by the boards of supervisors of each county.

As to the origin of the figures of the statements required as above there are several code provisions evidently intended to cover the requirements. Extracts from paragraph 2817 of the school laws, directly bear thereon, as follows:

"On or before the first day of July of each year the trustees of common school

districts and the boards of education of high schools shall file with the county school superintendent an itemized statement of the amount of money needed for defraying the expenses of the school within their district for the ensuing year. This estimate shall be transmitted to the Board of Supervisors by the County School Superintendent at the time he files his estimate of the amount needed for the schools of the county. \* \* \*. The County School Superintendent in each county shall on or before the first day of August of each year, furnish the board of supervisors an estimate in writing of the amount of school funds needed for the ensuing year." Extracts from paragraph 2733 of the School Code, read:

"The powers and duties of the board of trustees of the school districts are as follows: (15) To make an annual report on or before the first day of July to the county school superintendent, **in the manner and form,** and on the blanks prescribed by the Superintendent of Public Instruction or County School Superintendent." (16) "To make a report whenever required, directly to the superintendent of public instruction, or to the county school superintendent." And the general powers of the Board of Supervisors as given in Paragraph 2418, of the Code, include the power to require the officers of all districts who are charged with the management or disbursement of the public revenues, to make reports. From all of which it would seem that when the state revenue law, in paragraphs 4840 and sections which follow that number, specifically require the pre-



paration and publication of annual estimates, by the boards of supervisors, that requirement in turn calls for the making of such reports and estimates from the School District Boards, as will enable each board of supervisors to perform its final duty as to annual estimates, which is to prepare and publish such an estimate as complies in all respects, as to school expenditures as well as other public expenditures of each county, with the provisions of Paragraph 4840, first above quoted. It is believed that where the law requires a certain final result such as the requirement for specific estimates in the matters considered by this answer, there is an

implied duty on the part of each and every officer to so perform to the end of that final result, that such an implication exists, even though the statutes particularly applying to those other officers, may be silent as to that final result. Consequently, it is answered that school district boards should make such reports to the county school superintendent, as will enable that officer to so report to county boards of supervisors the details of items of expenditures, past and proposed, as will enable the latter board to present to the taxpayers of each county, a complete financial statement as to what was expended for schools, the de-

tails for which expended, as well as an estimate of the requirements of each school for a new tax-year. Any other answer to the latter portion of above question, would place the legislature which enacted the annual estimate law, in the position of legislating for minute detail as to minor items of county expenses and costs of maintenance and to be seemingly indifferent as to one of the largest financial matters of concern to county taxpayers, as involved in the support of common and high schools therein. So from what is said above, the question asked is as fully answered as it may be from the law of the state as construed by the Magazine.

## *State School Fund Apportionments That Have Already Been Made for the Fiscal Year Beginning July 1, 1923*

Under the present law the funds which are raised in state taxes for common school purposes, together with other revenues which come direct to the state for such purposes are apportioned among the counties according to daily average attendance of pupils in high schools and common schools as shown by the County School Superintendent's reports to the State Superintendent. Not all of such revenues are so apportioned however, as the expenses of the state board of education, of the office of the state superintendent of public schools, and the cost of free text books, are deducted before the final apportionment is made. From the report of the State Auditor it appears the gross expenditures out of the state common school fund, for the fiscal years 1922-1923, amounted to \$1,966,303.49, of which amount \$1,442,274.03 was raised by direct tax, and the balance arose from other sources of revenue aggregating \$522,852.10.

Out of above funds, there was distributed to the counties for the fiscal year 1922-1923, ending June 30, 1923, a total of \$1,852,532.14. This amount was distributed upon a total daily average attendance of 50,141 pupils, and made a total per capita distribution of \$36.946 per pupil.

The distribution of similar funds for the present fiscal year will be upon a total average attendance, computed as above, of 53,017 pupils, the table given below shows the amounts already apportioned to the several counties of the state, according to the average attend-

ance in the schools of each county. The total so far distributed for the present year as shown by such table amounts to

\$1,173,917.10, and it is expected that the final apportionment will be made in April, of an amount not yet announced.

County	Average Attendance	First Quarterly Apportionment August, 1923.	Second Quarterly Apportionment October, 1923.	Third Quarterly Apportionment January, 1924.
Apache	1,146	\$ 8,613.09	\$ 8,680.63	\$ 8,081.34
Cochise	8,283	62,253.25	62,741.34	58,409.88
Coconino	1,138	8,552.96	8,620.03	8,024.93
Gila	4,802	36,090.80	36,373.77	33,862.64
Graham	2,180	16,384.40	16,512.87	15,372.88
Greenlee	1,727	12,979.76	13,081.53	12,178.43
Maricopa	15,926	119,696.38	120,634.87	112,306.63
Mohave	822	6,177.97	6,226.42	5,796.57
Navajo	1,934	14,535.53	14,649.50	13,638.15
Pima	5,790	43,516.38	43,857.58	40,829.80
Pinal	1,964	14,716.00	14,876.74	13,849.70
Santa Cruz	1,632	12,265.77	12,361.94	11,508.51
Yavapai	3,601	27,064.34	27,276.54	25,393.46
Yuma	2,072	15,572.70	15,694.80	14,611.29
	53,017	\$398,464.33	\$401,588.56	\$373,864.21

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME ELEVEN

PHOENIX, ARIZONA, APRIL, 1924

NUMBER FOUR

## Let Public Hopes for Future Prosperity Become Assured Through Sound Financial Foundations Firmly Laid in the Present

In our country, the power of government is no more and no less than combined strength of the individuals of the public whose government it is.

The power and ability of the public to forge ahead into new and greater fields of endeavor, as a means of future progress and development, depends upon the ability of the individuals who compose that public to meet the financial problems which may be therein involved.

In some places in the state, and as to several of the leading industries of the whole state, there has been a period of financial depression. It is believed that this depression is being overcome, and that business conditions are gradually recovering a normal state. It seems to be the duty of every citizen to lend a hand towards a complete restoration by aiding in lessening obstacles and burdens of expenses in the way of public burdens, rather than to thoughtlessly and with apparent disregard of results to recovering prosperity in trade conditions, so act as to impose new and additional burdens upon private business, and activities. The general public through co-operation in efforts to lessen rather than increase the drain upon the incomes and resources of present slowly recovering private activities, may hasten the stabilization of the present, and encourage the establishment of new pursuits, and new industries, and thus reestablish the lines leading towards progress and prosperity of the whole public itself. New investments are not apt to be made in losing ventures, nor in new ventures where conditions are such that public burdens added to the other expenses of existing similar ventures, show losses rather than expected profits. The power to tax is a power which may result in confiscation if exercised to its full extent. The entire public has the power to destroy private industries, through the imposition of excessive burdens of taxation, on the other hand that public has power to foster, preserve, encourage all the old, and thus induce the establishment of other and new industries, and to do the latter through an economical use of demands for funds to be used in public ventures. The public can swing the pendulum which marks the aggregate of tax burdens, as it may elect to do. It can force it towards greater economy or towards greater extravagance. The wisest present course under all existing conditions, seems to speak for efforts towards pushing that pendulum towards further economy for the present, coupled with such action directed to the future as will today lay a firm foundation for prosperity now and hereafter, and thus enable the future public to cope with its own problems, unhampered through an excess of inescapable financial burdens now imposed for payment by that future public.



## EDITORIAL COMMENT

### The Difference Between Conservatism and "Knocking" as to Public Propositions

When the Magazine first came before the public it presented its motto of "Economy in the Expenditure of Public Money," and it has attempted to stick to that motto in all subsequent articles which have appeared in its monthly issues. No matter what merit there may be in any proposed public venture, no matter how essential to public good that venture might be, there is always present room for presenting the idea of that economy in connection with the use of public funds therein. There are so many purposes for which public money is demanded. There are so many activities which are fostered and developed with an idea of bettering some defect in what might otherwise exist. Among that many it seems to be true there may be some activities which could be dispensed with, and public good would remain at a par in their absence. There are other activities which at the most are of minor importance, and which have grown through efforts of dilating their real importance into a semblance of some more and unreal character, and in so doing, unnecessary funds are appropriated and used, and that use is not true economy. There are activities proposed which in the future may become necessary to public progress and development of the state, such activities as cannot at present be undertaken at the expense of increased taxation, or increased use of public credit therefor, for the simple reason that such activities are beyond what the present taxpaying public can afford. Meaning that when present burdens are considered, additional burdens would be out of keeping with sound financial reason. And, last but not least there are some public activities which are foisted upon the public as entitled to public financial support, which are wholly without real merit, or which, are in no sense really for public, as distinct from purely private purpose in their intended final accomplishment. Having all the foregoing classes of public purposes, and public projects, some proposed, some adopted, and some unduly developed, in view in connection with the motto of economy above mentioned, it has been the pro-

vince of the Magazine to undertake a somewhat critical discussion directed to such activities. In its columns it has put before its readers facts and figures bearing upon actual expenditures for public purposes, it has without any hesitation presented from time to time the aggregates of all public money raised and expended from the public treasuries of the state, its counties, cities, towns, for its schools and higher educational institutions and other purposes. It has called attention to the manner in which the aggregates of such funds have increased from year to year, and in many instances has given figures of comparison which would show its readers the particular purposes in connection with which the main increases in expenditures have come about. From time to time it has called the attention of its readers to the truism that what the public demands and to the full extent such demands are acceded to by legislative bodies and through public appropriations to carry the cost, the public as a whole must pay. If the result of such acceding to demands has been the creation of an unduly burdensome tax burden, the Magazine has quite plainly told the public so.

#### If Advocating Necessary Policies of True Public Economy is "Knocking" There is Need for "Knockers".

In a manner of speaking the Magazine has been obliged to appear in the role of what might be commonly called "knocker," that it might be true to its ideas of real public economy in the expenditure of public funds, and be true to every element which is included in the word "economy" as there used, to include every distinction as between the "necessary" and the "unnecessary" as to be applied to public activities and purposes, and to include comparisons as between the indispensable and the dispensable of what may be desired but cannot be presently afforded by the present public.

It is very easy to walk down stream with the current, it is not so easy to breast that current nor retard its course. It is much easier to agree with everybody else, than it is to attempt an argument

with anyone. It is easier to prevent a stampede than it is to stop one when started. It is an old saying that "an ounce of prevention is worth a pound of cure," and yet the conservative person, who is true to his convictions that for some reason or other his neighbors and associates are pursuing a wrong course, is not true to those neighbors and associates when failing to suggest that error. In public matters, the conservative person, who from investigation, from application of rules of experience, from a careful weighing of conditions past, present and future, so far as the past, the present and the future will be connected through newly proposed projects which involve additional expenditures of public money, takes the initiative and presents all of these to others of the public, seems to take a position fully warranted by any situation involving such additional expenditures. That conservative person, whoever that person may be is a member of the public. As such the final action of the whole public will directly and indirectly effect the pocketbook of such an individual. No matter what ideas may be advanced, which bears upon the subject of public finances, the one who advances them is attending to his own business, when making himself heard.

#### Conservatism Must be used to Check Action by Unthinking "Boosters."

There are enthusiasts among the public who are ready to say "let's go" to any new public venture, they are the "boosters" in common parlance. Projects are sometimes hastily proposed, apparently strongly supported and are many times put through at the expense of the public generally, with the result that tax burdens are thereby increased, and the real benefit to the public from such projects does not equal that burden. The conservative citizen who is inclined to "look before leaping", may see objections to such propositions before they become actual public undertakings. Those objections so seen may be perfectly sound along lines of sound public policy, and that they were so may be proved in actual results, when public

activities are undertaken contrary to such sound principles of public policy. Yet it is true that many conservative citizens remain silent at times when it would be better if they spoke their views, and do so for no reason at all except to escape an appellation of the word, "knocker" to what would be said of them if they spoke at all.

There are none of us so indifferent to our surroundings that our preference would not tend towards all the good things of life, rather than to the opposite. Our natural inclinations lead towards the end of living to enjoy those good things, and dodge the rough going as we go through life. It is harder for the parent to deny candy to a child than it is to give it, even when knowing an excess will be harmful. It is truly an American idea to strive to have the best, and we are all Americans. But in the past, as shown by experience, the best has been finally attained, and when so attained, has been finally retained as a real advancement towards better things, through slow, sure, well thought out, well reasoned, and carefully planned methods; methods which have embodied conservative action through the united efforts of conservative people. These conservative methods have resulted in developing the country which was originally thirteen states, with a small population of determined people, into what is now the largest union of states in the world, and into what now represents the greatest advantage towards freedom of thought, speech and action, and towards the equality of men which the civilized world has seen.

**Every Adopted Policy of our Government has come through the Acts of Pioneer Advocates Thereof, as Against existing Conditions to be Remedied**

But the same history which chronicles the glory of our union of states will also

give place in that history to those men and women who were pioneers in their lines of thought and action, who cautioned against reckless haste, and who at all times stood for the following of those firmly established principles which control the relations between the public endeavors and private activities, and men and women, who were not afraid to speak the truth as they saw it, even though that line of truth was not in accord with the ideas of the majority at the time. The majority in old Salem sanctioned the burning of witches, and yet freedom of religious thought and action by individuals was stamped into the first constitution adopted by the states. Abraham Lincoln finally became the champion of freedom for the slaves, but his predecessors who advocated such freedom had actually "knocked" slavery as being wrong in principle for years before that leader was able to loosen the shackles, and thereby stood for their principles against a prevailing majority. Susan B. Anthony brought down the condemnation of the male element, and had but feeble and lukewarm support from the members of her own sex, when she talked equal rights for women. She would not be called a knocker today. Given a principle of real truth to work on, advocates of such truths have often been first the subject of ridicule, later have become leaders with small followings, and finally through persistent and continued efforts those truths have become the adopted slogans of the majority of our people, and the early pioneers in advocating such truths are placed among those leaders to whom is attributed the present advanced stage of our country brought about through the adoption of real truths, and true policies for advancement.

**An Abandonment of Ideas of Thrift and Conservatism has brought about the Downfalls in History**  
History is full of illustrations of coun-

tries and governments which during temporary periods have ruled the world. That same history which tells of a steady advance towards the highest pinnacle of the success of such countries, truthfully records a downfall due in part to an abandonment of conservatism, to a general course of luxurious living, a reckless disregard for the duties, of tomorrow if the citizens fully enjoyed the revels of today. It would indeed be a "Black Friday" in the annals of history, if for any reason the greatness of the United States should be dimmed from any cause similar to those causes which have marked the disintegrated countries and governments shown by history.

As said above it is truly American to seek the best. All of us are looking for the true principles and sure policies of government which when adopted will continue our country and our state along a line of true progress maintained into perpetuity. If a policy of economy in the use of public funds is among the true policies essential to those universal desires of our people, if there is at any time a tendency towards an extravagant, not to be presently afforded, use of funds for public purposes, then such a policy of economy must be urged against such purposes. So it must be now and through the time to come. Advocates of truth as embodied in counselling for caution, and thus advocating a conservative course, and against public propositions which are made without looking to future consequences, may appear to some to be knockers, yet the future might disclose a situation in which unless the present generation fail to devise some method towards reduction of public burdens, future generations may wish there had been present more successfully persuasive conservative knockers of the present day.

*How Taxes Have Increased in Two Counties Since Statehood*

It is easy to print aggregates of figures of public expenditures and aggregates of tax-raised funds, as to which both show big increases in the period from territorial days to the present days of statehood in Arizona. It is easy to pass over that increase with a general remark, that tax-burdens have increased generally, and excuse that increase for that reason, as being a reason from which to arrive at a hasty conclusion, that high

taxes are epidemic of the times, and as such must be endured as not curable. The same conclusion might be drawn from the expression "high cost of living" as an excuse for excessive private expenditures of a private individual. We are too apt to accept the illustration to be drawn from the excesses of others, as a warranted excuse for our own extravagant indulgences. But the time comes when it is necessary to get down to the

many details which become items in our individual expenditures, and which taken as a whole finally develop into an aggregate in excess of earning capacities, and from that result, it becomes absolutely necessary to cut out this, that or the others, of little when alone but altogether amount to what causes us to expend more than we can afford to expend. As individuals, we cannot prosper and lay up that desirable provision



against old age, and the proverbial rainy day, unless we live today, tomorrow, and many other tomorrows, within our incomes, and enough within to leave a possible margin for the necessary savings. The individual must work out individual problems which are involved in making both ends meet. The details of that problem are known to him. If forced to it, the necessities of life can be segregated from the luxuries, economies can become the rule, and the income can be made to meet the necessities.

In the matter of public expenditures, a great portion of the public are not advised of the details, nor of the items, purposes, and objects, undertaken at public expense. Thus, when it becomes necessary for the public as a whole to so plan to operate and carry on the necessary and indispensable in public activities and to retrench to the extent of discontinuing those which are not so necessary, or to so act as to mark time with what is already under way in public

projects, until the whole public can again afford to enter into new projects and new undertakings, the majority of the public lacks the information which it should have that it may economize effectively as a public. The knowledge which individuals may have as to their own financial ability, and which enable that individual to plan and carry out a course of private economies, when such economy is necessary, is lacking to a large extent to those individuals who would also encourage public economy when conditions were such, that general private economy became necessary.

The public in general sees the wheels of the machinery of government moving with great apparent power, that same public does not know the details involved in that motion. If there is lost power, if there is wasted power, if there are unnecessary wheels, cogs, and pulleys, in that machinery, the casual observer, would not see any of these. If the necessity arises, and it finally developed that

the public was running too much machinery for the power actually needed, the otherwise casual observer, would need to investigate, before the machinery could be worked over into what was actually needed. If it is to be taken for granted that the public of today is demanding a working over of the machinery for government that its operation become less expensive, and remain just as efficient for results, every individual of that public who joins in the demand, should become an investigator. The investigations can be best undertaken near at home, so to speak, and as to public matters with which the investigator may be more informed.

When it becomes a matter of possible economy in expenditures of public money, there may be possibilities for such economy in any place connected with any public activity. It may be possible to reduce the cost of state government, of county government, of city, town, and school districts. The upward

#### COCHISE COUNTY. SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 435,366.15	\$ 488,137.80	\$ 125,688.45	\$ 108,232.51	\$ 1,157,424.91
1914	417,164.68	464,037.12	129,404.74	150,852.43	1,161,458.97
1915	547,617.70	537,476.63	167,566.44	159,879.80	1,412,540.57
1916	459,349.35	493,800.56	165,277.66	191,074.47	1,309,502.04
1917	812,072.84	538,852.08	283,459.23	208,943.65	1,843,327.80
1918	660,459.02	762,068.10	221,388.00	246,240.27	1,890,155.39
1919	1,032,854.84	747,129.51	419,387.00	297,112.75	2,496,484.10
1920	836,189.43	875,798.40	336,063.44	293,675.24	2,341,726.51
1921	1,140,683.98	859,419.44	444,004.35	220,302.74	2,664,410.51
1922	731,980.61	760,685.73	378,004.00	223,797.84	2,094,468.18
1923	749,860.58	867,230.05	532,707.00	225,286.66	2,375,084.33

#### GILA COUNTY. SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 160,701.45	\$ 183,426.91	\$ 33,467.82	\$ 38,209.27	\$ 415,801.45
1914	161,430.25	183,196.13	65,208.78	61,894.00	471,729.16
1915	228,158.16	254,776.62	70,726.69	73,253.26	626,914.73
1916	279,234.06	328,100.02	90,765.34	74,025.07	772,124.49
1917	791,170.18	492,743.73	112,675.16	121,200.00	1,517,789.07
1918	638,226.35	490,943.35	136,981.57	131,975.18	1,398,126.45
1919	973,759.08	674,165.86	188,413.41	162,374.65	1,998,713.00
1920	698,772.53	914,582.90	342,601.25	180,421.52	2,136,378.20
1921	1,065,616.22	713,816.87	160,238.66	174,560.32	2,114,232.07
1922	632,743.54	658,673.61	165,694.94	190,674.10	1,647,786.19
1923	659,882.45	803,909.00	376,204.36	187,436.70	2,027,432.51

trend in aggregate of expenditures runs through the whole line from the state, down to and through the other governmental subdivisions of the state. True economy will mean to cut out unnecessary expenditure wherever in that line it may be found.

Having all of the foregoing in mind, and with a purpose of bringing the idea of possible economy in public affairs, closer to its readers, the Magazine in this issue presents tables which show the

taxes raised in two of the counties of the state, according to the funds for which county taxes have been levied therein since statehood. These tables include the amounts of state taxes raised each year by each county. At long range the Magazine may have nothing in the way of any possible reduction in those taxes. At closer range, the taxpayers of the counties may have knowledge which if used may include specific ways in which the county taxes may be reduced; by reducing expenditures therein.

It will be the purpose of the Magazine to continue similar publications as pertaining to county tax matters, with similar tables, from month to month. By so doing the taxpayers of each county will have their attention called to the situation in those counties, and therefrom may come thoughts, ideas, and possibly suggestions towards reductions in the amounts required in such counties.

(The tables referred to appear on page four.)

## The "Tax Cost" of City and Town Government in Arizona

From the last reports upon the subject, a table has been prepared which is given below and which shows how much it costs the various incorporated towns and cities in the state of Arizona to operate their municipal affairs. The total cost given includes only that portion of the actual available funds of these cities and towns which is raised in direct taxes by levy of taxes upon the property located within the corporate limits of each at a rate per hundred of the assessed valuation of such property.

The tables show that \$139,201,428.09 is the aggregate valuation of property in all the cities and towns of the state which is upon the taxrolls of each, and from which a total of \$1,938,932.59 of tax money is raised. It must be borne in mind that this total does not include all the expenditures for local purposes, made each year by the various towns and cities. In some of the towns, places of business, and business occupations are subject to certain license taxes, at fixed amounts, and which are still collected for city and town support. Nearly all of the cities and towns have their municipal water systems, and several of them have lighting systems. The rates charged to individuals for service from such plants and systems also go into the treasuries of the respective cities and towns. Fines, penalties, and forfeitures accruing on account of violations of local ordinances, is another source of local revenue, of no mean amount, and all helps increase the amounts of funds available for municipal purposes.

In one column of the figures the tax rate per hundred dollars of assessed valuation of taxable property of each city and town is given. The rates, however, are of but little value in any genuine attempt to compare the cost of city government as between the cities of the state. For it must be borne in mind that each incorporated town, large or small in numbers of population, or in

aggregates of assessed valuations of taxable property therein, must support a certain amount of similar "overhead" expense that their incorporated existence may be maintained at all. The ordinary offices and officers of each town are necessary to each. Each town aims at a certain amount of fire and police protection for its inhabitants and their property. Some general scheme for maintaining the streets and highways of the towns and cities is an incidental burden to each. And the cost of sewers, lights, and water, are among the common necessities of each town and city, and each of these public utilities call for some support of the public of each town, regardless of how large or small the town may be.

So it is that a more close analysis of each and every public activity which is in fact undertaken by each city and each town, than can be made from general figures of assessed valuations, from comparisons of tax rates per hundred, or from comparison of the per capita costs based upon the populations of each such town and city, is such an analysis as must be made, before one can tell whether the aggregate cost of maintaining the municipal governments and public activities of one city is really more or really less in proportion to the cost of similar maintenance of another town or city.

Among the ideas advanced for decreasing tax burdens, is an idea of effort directed towards increasing the amounts, classes, character and aggregate values of property to be taxed. The advocates of this idea are in part correct, and in part incorrect. So far as such an increase in amount of assessed valuations of property, operated to keep the tax rate per hundred at a certain rate, is no indication that the real tax burden has been lessened. There is no true level from which to watch a sliding scale of tax rates, where the only element which keeps that scale in one place, is an in-

creased valuation upon the same property within the confines of a taxing district, town or city, or an increased valuation of taxable property brought about through adding new properties of new values to the roll. The gauge level from which to start comparisons is first and foremost the amount of funds made available for public purposes of the city or town under the process of comparison, one year with another year. That gauge requires an answer to the question of how much is raised by all methods of acquiring public revenues, and must include the several aggregates of tax raised funds, license tax funds, income from operation of water systems, lighting systems and other publicly owned public utilities, with such fines, penalties and forfeitures, and other public income of every kind and class, as comprises "other sources of revenue" as distinguished from direct tax raised funds. For illustration of the above building operations in a given city may in one year largely increase the improvements upon lands, city and town lots, of that city. Or the corporate limits of the same city may be extended and thereby increase the amount and value of property which may be placed upon the city taxrolls and upon which to levy and raise direct tax raised funds. In either case of such an increase in valuations, the same levy of the same rate per hundred would bring a higher aggregate of available funds into the treasury of such city. The real gauge level, if based upon tax rates—unchanged one year to another, would appear to remain in one place, yet in truth and in fact the public burden of taxation, would in the aggregate actually increase.

There is still another class of thinkers who deal with public finances, and point with pride to tax rates unchanged, even in the face of increased population, and increased values of taxable property. This class argues along lines that be-



cause the tax rate this year is no greater than it was last year, the affairs of the public are as from cause to effect, being more economically administered than before. They say, in effect, keep the tax rate per hundred, steady at par, or slightly lower it, and there is sure evidence of efficiency and economy. This line of argument includes the idea that the public by paying a certain rate per hundred one year upon the assessed values of property of that year, that the public could afford to raise and expend the aggregates of public money thus raised. That if there is more value, and more people, and the same rate, the public can still afford the burden of taxation thus imposed. All such ideas and arguments based thereon that such situations are evidences of economy, of efficiency, and of lack of public extravagance, are more or less faulty. The public can only afford to pay for what it actually needs in the way of governmental activities. The actual cost of those needs does not of necessity increase, either from the fact that more property shares that cost, or

the fact that more people are to be benefited by the result. Those real necessities standing alone do not call for increased cost of support. The idea of real necessity for any public expenditure before it results in any actual use of fund therefor, should have something more in the line of stamping it as a necessity, than is involved in the idea, that it can be done without actually increasing the tax rate, or may possibly still be done, and the aggregate tax rate actually lessened.

The statements in this article must not be construed as assuming that in no case would the amount of increased value of property, nor that in no event an increase in numbers of people to be benefited through local city or town governmental activities, might call for increased public expenditures. Some increased cost is expected to follow in the path of the growth of any city in wealth and population. To the extent of real necessity for more public funds incident to such growth, the burden of expenditures will in the aggregate increase. As be-

tween what that increase is from such a necessity, and any practice of increasing the classes, kinds, and extent of public activities, for no reason except the possibility of so doing without increasing the tax rate per hundred of values in taxable property, is the difference which really marks the swinging of the pendulum between necessary tax burdens, and unnecessary ones.

There is no excuse for any public expenditure at all which is based solely upon the fact that the money for such an expenditure can be made available without increase to the prevailing tax rate.

Taxpayers and the entire public upon whom the burden of taxation and public expenditures finally rest, will experience a lessening of that burden, when more attention is given to the items and purposes of and for which the dollars of public revenues are used, and less attention to tax rates, to total assessed valuations, and to the numbers of the public to be served through any public activity.

#### CITY AND TOWN TAXES FOR YEAR 1923.

Cities and Towns	Population (U. S. 1920 Census)	Valuation	Tax Rate per \$100.00 Valuation	Amount of Levy	Per Capita Tax
BISBEE	9,205	\$ 6,132,207.00	\$ 2.16	\$ 132,455.67	\$14.39
CASA GRANDE	948	813,288.00	1.80	14,639.18	15.44
CHANDLER	1,500*	1,028,455.21	1.15	11,827.23	7.88
CLIFTON	4,163	4,383,206.67	1.59	69,692.99	16.74
DOUGLAS	9,916	7,288,662.00	1.11	80,904.15	8.16
FLAGSTAFF	3,186	3,586,678.00	1.1068	39,697.35	12.46
FLORENCE	1,161	749,345.00	1.992	14,926.95	12.86
GILBERT	865	264,761.35	.57	1,509.14	1.74
GLENDALE	2,737	1,592,012.65	.97	15,442.53	5.64
GLOBE	7,044	4,198,964.00	2.10	88,178.24	12.52
HOLBROOK	1,206	1,138,518.00	1.60	18,216.29	15.10
JEROME	4,030	4,007,706.72	1.448	58,031.60	14.40
MESA	3,036	2,811,369.96	1.06	30,362.80	10.00
MIAMI	6,689	3,530,905.00	2.75	97,099.89	14.52
NOGALES	5,199	6,719,171.00	1.29	86,669.25	16.67
PHOENIX	29,053	47,794,293.65	1.28	611,766.96	21.06
PIMA	515	197,113.00	1.00	1,971.13	3.83
PRESCOTT	5,010	6,920,000.00	1.30	89,960.00	17.96
SAFFORD	1,336	1,137,257.00	.82	9,325.51	6.98
SNOWFLAKE	758	173,101.00	.55	952.06	1.26
SOMERTON	938	438,995.00	2.005	8,801.85	9.38
TEMPE	1,963	1,432,116.72	1.45	20,765.70	10.58
THATCHER	899	405,594.00	.48	1,946.85	2.17
TOMBSTONE	1,178	506,730.00	1.00	5,067.30	4.30
TUCSON	20,292	23,357,490.00	1.28	298,975.87	14.73
WICKENBURG	527	232,854.08	1.30	3,027.10	5.74
WILLCOX	905	653,289.00	1.05	6,859.54	7.58
WILLIAMS	1,350	1,002,598.00	1.10	11,028.58	8.17
WINKELMAN	573	308,367.00	.70	2,158.57	3.77
WINSLOW	3,730	2,319,474.00	1.40	32,472.64	8.71
YUMA	4,237	4,076,905.08	1.82	74,199.67	17.51
		\$139,201,428.09		\$1,938,932.59	

## As to a County Unit System of Control Over Common School Purchases and Expenditures

There are in Arizona upwards of four hundred and forty-six common school districts, and some forty-one high school districts each of which are under the control of separate school district boards. These boards have full power to employ the teachers, fix their salaries purchase all supplies and make all other contracts by them thought necessary as required by the needs of the particular districts under their supervision and control. To meet all such authorized expenditures of particular school districts, there is a state common school fund which is raised by direct taxation, added to such revenues as under the enabling act, which confirmed older grants of school section lands and added more thereto, in grants to the state of lands the incomes from which, and the interest upon scales of which, with the interest upon funds created from such sales and loaned, are stamped as permanent funds, to be permanently maintained as such for the support of the common schools of the state.

The framers of the state constitution fully realized all the varied conditions which existed in Arizona as to the needs of all the schools to be thereafter maintained in the state. They appreciated the fact that the education of the children of the state was an essential means to the end of a developing progress of the state towards higher ideals of government and towards higher planes of thought, action and living. They appreciated the fact that the wide expanse of area in the state had its isolated settlements, as well as more thickly populated and more prosperous cities, towns and communities. Those framers of the constitution were imbued with an idea of an equality of opportunity for the children of the entire state, regardless of where the homes of such children might be. If those ideas which appear not only in the Enabling Act under which Arizona prepared to become a state, not only in the constitution of the state, but in the school laws which were enacted by the first legislature of the new state, were to be specifically and shortly described, that description would be embodied in the words "uniformity as to common school methods and facilities, and equality of opportunity for benefit by such methods and facilities to be afforded to every child of school age in the state."

Thus in the state constitution is found the language, that:—

"The income derived from the investment of the state school fund, and from the rental derived from school lands, with such other funds as may be provided by law shall be apportioned annually to the various counties of the state **in proportion to the number of pupils of school age residing therein.**"

"The amount of this apportionment shall become a part of the county school fund, and the legislature shall enact such laws as will provide for increasing the county fund sufficiently to maintain all the public schools of the county for a minimum term of six months in every school year."

From this language it is clear that each county was made a unit to which was to be distributed as nearly in proportion as possible, that is, in proportion to the number of pupils of school age residing in each, all the incomes from permanent school land funds, whether that income be from rentals, or from interest. That language created a county school fund, the first portion of that fund to be the incomes above referred to, the balance of such fund was to be enough to maintain all the schools of the county for a minimum term of six months in every school year. So as the constitution speaks at all upon the subject, it provides for a county school fund only. It provides for a county School Superintendent, as among the county officers, but is silent as to the management or control of school districts.

### **All Benefits Through State Purchases and Supply of Text Books Could be Extended to all other Purchases for School Purposes**

Thus the first state legislature composed of many of the same men who were members of the constitutional convention, enacted the free text book law of the state, under which all text books for use in the common schools of the state are furnished from state funds, by the state upon requisitions made by the county school superintendents as to the numbers necessary for the schools of each county. This law was enacted with a two-fold purpose. One purpose was to insure uniformity as to what was to be taught in the schools, the other purpose was based upon a business reason, that

bulk purchases would lessen the aggregate cost of such textbooks. The one purpose recognized the intended uniformity in common school facilities and lines of teaching as spoken in connection with the common school funds of the state. The other purpose simply puts into effect a well known business principle, that the quantity purchased controls the purchase price to be paid, and in the case of purchases of school books in Arizona, actually reduces the number of purchases from over four hundred and eighty (if each district purchased its own text books,) to a single purchase of such books. This law as to furnishing free text books still continues in force, and is outstanding in the school code, as one example of possible economy in use of state funds without loss of efficiency in results, and as such an example simply illustrates a possibility of still further like economies in the use of school funds.

### **The Public can be True to the Schools and also be True to Ideas for Economy in Financing Those Schools**

The public in Arizona is in earnest about providing good, and if possible the best kind of an education for its school children. There is nothing to be urged against a public policy of the citizens of the state to such a laudable end. But it is true that an extra lavish expenditure of funds will not put on a better educational polish, than will follow the use of necessary funds carefully expended. In round numbers the public funds raised and expended in support of the common schools and other educational institutions of the state, amount to more than one half of all the public funds used for general state and county purposes. The same public which is earnestly adhering to an undiminished effort to provide the best in educational opportunities, is just as earnestly considering the problems of economy as connected with all public expenditures, that the drain of public burden upon individual efforts, and private business activities may be diminished. A person may be true to both of the policies above mentioned without being partial to either. The same person may earnestly advocate uniformity, equality, and all necessary public support required to build up and maintain the best common school system, and just as earnestly and in the same connection include therein every one of the best



# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription APRIL, 1924 50 cents

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principles of true economy that may be applied in the financing of such a school system.

So it is that a better administration of public schools, and a lessened public cost may both come about through some change in the present methods of administration. The public everywhere has already abandoned the idea of the old district schools, where the teacher went into the district and took his old school books with him and taught therefrom. Later and accepted to be better lines of text books have been prepared, and Arizona has already adopted a unit method through which such text books are purchased and provided for common and general use in the public schools. The merit in this change seems to be recognized by the public after twelve years in use. The essential courses of study in the schools are designated from and by the State Board of Education, and teachers are commissioned to teach after passing examinations under such board.

The thought presents itself of whether it is not possible to further improve the system itself, and reduce the cost of maintaining that system, through an extension of the same ideas which brought about the changes above referred to and already adopted, to other matters connected with the administration of the schools. For instance if uniformity is desired, then the same uniformity which comes through a centralized power to purchase text-books, would come through a similar power, centralized, to

select, purchase, and provide all of the other educational supplies, appliances, and devices, required in connection with a centrally prescribed course of study and instruction in the schools. If equality of opportunity is to be desired, as embraced in the idea of equal distribution of funds in proportion to the numbers of children of school age in each county, then so far as the actual results in use of those funds, a centralized purchasing power, would insure equal results from each dollar expended in any necessary purchase for the common schools. If all possible economy in use of schools funds is a factor to be considered in connection with a change from the present source of purchasing power, now distributed among over four hundred and eighty school district boards, into a more centralized board or body, then it goes without further argument, that if the present system as to purchase of text-books involves elements of economy in the lessened cost price of such text-books as between four hundred and eighty odd, individual purchases for individual school districts, and one bulk purchase for all districts of the state, then if that same plan were extended into and throughout all transactions involving purchases for schools, the saving of public money through lessened costs, would be a saving upon each class and character of purchased articles multiplied by the number of different classes of things to be supplied and purchased, with an aggregate saving of some consequence to taxpayers.

The question which is suggested in this article has been touched upon in previous articles in the Magazine. Those articles suggested legislation so changing the school laws of the state, that each county become a unit, and as such be given such officers to act in conjunction with the county superintendent of schools, that full control of all matters connected with the administration of common schools be centralized in the county, as distinct from the present control exercised by boards of trustees in each individual district.

## General Uniformity in School System is Lost Through Local Control of Funds and Purposes of use of School Funds

Under present conditions, there is no real uniformity as to the costs of maintaining schools in different school districts, even in the same county, and in the same general locality, or, as to schools to be maintained under similar conditions bearing upon those varying costs. Each school board makes its own "budget", it reports that budget to the county superintendent, who in turn

passes it on to the board of supervisors. That budget may be larger than real necessity requires. It may be large enough to absorb all of the state and county funds apportioned to a district, and call for a special district levy to meet its full requirements in funds for common school purposes. The state and county still control the amount to be raised in state and county taxes for distribution to the several districts in the state, but the power to raise additional funds by special tax levy, and all powers as to the actual expenditures of funds raised, is vested in the school district officers. There is no designation in the school law as to what are and are not "School Purposes". The details as to what are considered and treated as school purposes, may vary, and do in fact vary to some extent, according to the different ideas as to what those purposes may be, viewed from the judgment of four hundred and eighty boards of school trustees.

The constitution of the state has provided for uniformity and aims at equality in the distribution of school money, the distribution is made on that basis. With an apportionment of funds to a district the control of that money is passed into the local boards of school trustees. With the passing of that control, the idea of uniformity and equality passes also, so far as any control of the actual use of those funds might result in equal purchasing power in every dollar thereof actually expended to obtain that uniformity among all schools, according to money provided, dollar for dollar, and a control of that school money is also lost so far as uniformity in, and similarity of the actual purposes of expenditure, school for school and similar purpose and none but similar purposes, in each and every common school in the state.

The control of local boards of school trustees has been abolished in many, of the other states, and that control placed in the hands of county boards. Undoubtedly these states have had to convince the public that such change was for the best interests of the schools, and for the best interests of taxpayers as well. So in suggesting a consideration of making a similar change in Arizona, that suggestion is backed up not only by reason, but by the action of other states, and their experiences before and after making the change.

It is firmly believed that a better system of school administration can be worked out through an adoption of a county system of control, and that such a system would become welcome to taxpayers through the resulting economy therein.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME ELEVEN

PHOENIX, ARIZONA, MAY, 1924

NUMBER FIVE

## HOW TO EFFECT PUBLIC ECONOMY AND DECREASE TAXES

Government itself exists as the result of the demands of civilized people for the benefits to the public itself, and to the individuals who comprise the public to be governed. The progress of the world has been accomplished as the general sequence of the existence of some form of government. It is axiomatic, that the public must pay for such form of government, and for the various activities and branches thereof by it demanded and adopted.

The public create the demands as to what shall be included in the functions, objects and purposes of the government of the United States, the several states, the counties, cities, towns, and other political subdivisions which are clothed with public powers. The execution of those particular public functions through selected public officials is but a means to the end demanded by the public. The aggregate of all public functions to be performed, of public objects and purposes to be accomplished, the extent to which activities as connected with each public function, public object, and public purpose, are demanded by the public, all tend to swing the pendulum which marks a high, or marks a low, aggregate of public expenditures, with high or low tax aggregates.

The demands of the public created, acceded to, and their fulfilment by public officials, has forced that pendulum to the highest mark of aggregate public expenditures, and thereby caused the greatest aggregate of public tax burdens, known to the history of our country.

If the public desire a reduction in taxes and other public burdens included in the aggregate costs of all government, it can reconsider every item, kind and class, of demand for activities now included in its system, it can demand an elimination of what is unnecessary, it can demand a lessening of activities, not eliminated entirely, to the minimum of efficient necessity.

In the main, the public itself has created its own enormous tax burdens by its demands. It can lessen that burden through insistent demand for economy. Economy applied to each detail of what is to be required throughout all forms of public government, and so applied through action of the public itself, will bring about real financial economy as to the aggregate requirements in funds for public expenditure, and will of its own force decrease the burden of taxes.



## EDITORIAL COMMENT

### Get Together and Plan For Reduced Expenditures to Lessen Taxes

The time is fast approaching when the boards of supervisors, the various city and town councils and commissions will be planning the estimates for proposed expenditures as the basis for ascertaining the amount of taxes to be raised for county, city, and town purposes. And it is not to be overlooked, that every board of trustees of every one of the four hundred and eighty and more school districts of the state, are required to submit on or before the first day of July in each year an itemized statement of the amount of money needed for defraying the expenses of each such district for the new fiscal year. So that each year there is the annual estimate which when finally adopted, fixes the aggregate of expenditures which are authorized for each county, city and town in the state. And there is also the annual statements, to be made and itemized by each board of trustees of each school district of the state, which fixes for each district the amount necessary to meet its needs for a year, and from these various annual estimates, and items of required needs, the various amounts which are to be raised upon the tax-rolls are determined. Of course the other sources of revenues of cities, towns, and counties, are deducted from the aggregate of the estimates of each, and other sources of revenues distributed from counties, and the amounts of distributions of state common school funds, are considered and deducted from the amounts reported by school trustees as "needed" for their respective school districts, which deductions leave the balances to be raised by taxation.

#### **Proposed Expenditures Adopted as such, fix the final Aggregate of Taxes**

So it is that proposed expenditures, whether proposed in the annual estimates, or proposed in itemized statements from school trustees, are as to each, the starting point in the line finally finishes up to adopted estimates, and the final aggregate of taxes to be levied and collected.

So it is true that what is proposed as items, objects, and purposes of expenditure, leads directly to the amount of taxes which are finally to be paid. And

it is just as true that the amount of taxes cannot be decreased, unless the items, purposes and objects for which taxes must be raised, are either decreased in numbers of objects and purposes, or decreased in individual items allotted to adopted objects and purposes.

Lessen the authorized expenditures, and taxes will automatically be lessened. Continue the same routine as to amounts and purposes of expenditure, with a continuation of an allotting of similar amounts for each item, purpose and object, and taxes will remain on a par of aggregate, one year with another. Increase either objects, purposes, and items, of authorized expenditures, and the aggregate of taxes will increase.

There exists certain fixed expenses of cities, towns and counties. The items of these fixed expenses, such as salaries, are amounts fixed by law. There are cases in which the boards, and councils, are given discretion as to the real necessities as to additional employees, and additional expenses of offices, beyond what is so fixed by law. The questions of new buildings, new equipments, new this and new that, in connection with the institutions of cities, towns and counties, and in connection with school districts, are to the extent of annual taxes required for the new matters left to the discretion of the controlling officers of the cities, towns, counties, and school districts. If the aggregate of taxes is to be lessened, that lessening must be worked out through the use of the officials' discretion in those instances where the power to authorize an item of expenditure, is a discretionary power vested in the appropriating officers, who propose, adopt, and present estimates and statements as to the requirements of a new fiscal year.

#### **If the Public Desires a Lessening of Taxes it Must Demand a Corresponding Lessening in Public Activities**

It has been said that among the causes which have brought about those large increases in the proportion of public expenditures of the present as compared with the past, is a public demand that

certain activities be undertaken at public expenses. That being so, and it being evident that the public realizes the necessity for reducing taxes, in order to make the burdens of taxation more equal to the ability of private enterprises to bear the increasing public burdens of all kinds, the time seems to be an opportune one for a general getting together of the members of the public, i. e., the taxpayers and the officers whose duty it is to propose and adopt public budgets, with a view towards a general "good of the order discussion". Let the taxpayers of school districts, of the towns, cities, and counties make it their duty to enter into a discussion of the public finances of their particular locations. Let them as taxpayers enter into a candid consideration of what can, and what cannot be afforded as an immediate public expenditure to require tax money for payment of that expenditure. Let the taxpayers go into the question of ways and means, and ascertain what economies can be put in force in connection with public expenses, and in connection with public activities close at hand. Let these discussions and considerations become general among all taxpayers. And when possible economic ideas have been discovered, let those ideas be known to the budget officers.

If it should so happen that the interested public of any city, town, county, school district, or other taxing district, actually desire a reduction in the activities, of any such town, city, county, school district, or other taxing district, as a means of reducing public expenditures and thus reducing the aggregate of taxes to be levied and collected, it would seem to be the duty of the public so interested, to make known their desire to the officers who prepare the budgets of and for public expenditures. In no other way can the officers be advised of that desire. In the absence of such a getting together of the public itself, and of the public with the officers, the practice has been to let things run along for a new year about the same as for the previous year. The budget officers letting the silence of taxpayers become an equivalent to an assent to what has been done, and to a continuation of so doing.

In the past, the men "with an axe to grind", in the sense of selling something to the public, or in the sense of putting some new public activity into effect, have made their desires known, they have not been modest nor afraid to speak their piece to the budget officers. If taxpayers, acting in their own interests, and acting with the same class of persistent effort towards a reduction of expenditures as the efforts of the proposing class, proposing more and more new things for the public, and thus more and increased taxes, has been exerted, it would simply reverse the situation. Instead of running ahead at full speed, regardless of total cost and total expenses entailed through so running, the public throw into reverse, and insist upon doing without everything that real economy

consistent with efficiency could and would dispense with, the general result would be a reduction in the aggregates of money raised by taxation.

#### **The Time to Speak for Economy is Before Budgets are Finally Adopted**

The time within which to do all that is suggested above, is before and not after the final adoption of public budgets. And at any rate, unless those taxpayers who really favor some retrenchment, or some lessening in the scope and extent of attempted public action, as a means of lessening their taxes, do make their desires known in some open manner, it is quite certain that that other element of the public who are still after more and more, will not speak for those who are economically inclined.

Let the public get together and speak. If that public really desires economy, then let it speak those desires to its officers who fix the amounts authorized for expenditure. Speaking those desires may accomplish something in the way of tax reduction. Continued silence until after the amounts of expenditures have been determined, will not change matters at all. Be entirely silent and tax burdens will not lessen and may increase.

In all sincerity, it seems that the time is at hand for a getting together of all the people, and all officers who are to act for the people, and arrive at an understanding as to what is really necessary, what is not, and what can be presently afforded by the public and what cannot, and thereby effect plans towards more economy, and reduced taxes.

## *Public Bonds May Become Barriers Against Future Development*

Who of us can foretell the future. Citizens of ordinary practical judgment scoff at the idea of gazing into the crystal balls of fortune tellers, and listening to the mystical sayings of would be prophets as to what their future destiny may be. Ordinary citizens plan for the future along lines of past experience. They seek for those rules of progress towards individual successes, which in the past have been fully demonstrated as being the safest rules from cause to effect, and from means to a desired end. All are forced to admit that no rule has yet been discovered which for a certainty will apply to all conditions which may arise in the course of a lifetime of any individual, of which may arise and become an unforeseen crisis which may affect the destinies of a generation of men and women, and change the course of progress of nations.

As individuals, and as members of the public of the generation and age in which we live, it is possible to profit by experiences of the past. Those experiences which in the lives of individuals in the past, and those experiences encountered by the public as connected with governments, and governmental activities in the past, which have in the main, steadily and surely enlightened the way to success and to progress. The unexpected happenings, those accidents, so-called, and those unforeseen catastrophes, which intermingle in a chain of the events of lives of individuals, and seem to stay progress of the public of a given period, cannot be guarded against, but are nevertheless nothing but exceptions

to the general rules of progress. If in the pages of history there is found periods of stagnation, of no material progress, or in fact actual retrogression, there will also be found the cause thereof. Those causes having left their blot upon the upward course of civilization, should become the "don'ts" which present generations should avoid, when attempting to apply the rules of action prescribed by experience, and attempting to avoid the doing of those things which have wrought havoc in the past, and by doing those things which in the course of ages have always tended towards real advancement.

#### **"Don't Borrow Too Much on the Future" Is a Good Slogan for Sure Public Progress.**

One of the simple expressions which was once in common use among the people, and which was used in connection with any attempted spreading out of individual business undertakings, or in connection with any individual undertaking whatever, which looked to the future, was, "Don't borrow too much on the future." And side by side with that expression and used under the same conditions in connection with similar future undertakings, is that expression of, "Don't undertake more than you can see your way clear to finish." These two expressions spoke volumes in the language of our pioneer parents, and our grandparents. They were phrases of the times of thrift, of the period, when to make haste slowly was considered the true manner through which to succeed,

and having succeeded to maintain each position of advancement against all contingencies, and under all circumstances which might arise unseen in the future. Our forefathers applied the rules of experience expressed in the above sayings, they had a common horror of any recklessly created debts or indebtednesses. The mortgaged home, farm, or business, was a situation equivalent to a nightmare of horrid dreams to them. To be avoided except in cases of dire necessity. Attention is called to these rules of experience that reference may be made thereto as rules of experience which in the past have never failed to act for continued progress. The actual strength of these rules applied to human action has been demonstrated many times during the one hundred and forty-eight years between 1776, and 1924. That demonstration has disclosed an earnest people, a thrifty people, a conservatively acting people, which in times of dire need, were actually able to meet the contingent strain of unforeseen emergencies which called forth all of the reserved energies of our people. Rules of action by that same people which had been so intermingled with their private and public affairs, as to leave present the power of the people to meet with all requirements, no matter how great, and no matter how unexpected the demand might be for use of the latent reserve of strength, at any time, and at all times, and under all circumstances, when reserve was drawn upon.

These contingencies, to be met, called for the creation of large emergency in-



debtednesses. "War debts," so to speak, included therein. But in addition to those emergency public indebtednesses, there has come into existence, billions of dollars of purely civil indebtednesses, of the United States as a whole, of the several states, of their counties, cities, towns and various other political subdivisions with taxing powers and debt creating powers, all to billions in such numbers, as to actually overshadow the burden of the war debts as a general public indebtedness. The people could not control the amount of the indebtedness resulting from the emergencies of war. The people could have controlled the amount of the indebtednesses, classed as civil public debts. The one was an inevitable result of the unforeseen and not to be prevented war. The debt resulting was unavoidable and so a necessary public burden. The other may in part be warranted by the necessities of the times, and may in part be unwarranted. Portions of that civil indebtedness may have been created through real demands necessitated to keep pace with the real progress of the people creating any portion thereof. Portions of that civil indebtedness may not have been warranted nor supported for any use in connection with real progress, and that portion may include millions of dollars of bonds which do not in fact support any public purpose at all, as distinct from private purposes in the objects for which the public debts have been created. The public cannot retrace its steps and review the purposes which have been used in the past as a basis for public bond issues. All bonds which have been issued for public purposes will stand for payment until paid, regardless of the purpose, purposes, necessity or lack of real necessity of those purposes

as objects for public undertaking through bond issues.

#### **The Public can Stay Action and Refuse to Sanction More "Civil Bond Issues"**

But upon the general subject of bond issues, the public can stop and consider before it authorizes any more bonds. It can well reflect upon those issues which have been authorized in the past, it can consider how far into the future the burden of the payment of those bonds will extend. It can well reflect upon the fact, that every present bond issue is a presently imposed burden upon the taxpayers of the future. If, the present public can well ask itself, the simple question of whether it is now "borrowing too much for the future", and ask itself the further question of whether the objects and purposes which are now made the subject of bond issues, will be such as will fit into the needs of the future public which will still be paying the old bonds, and will also be confronted with public financial questions as to their own public needs.

The present public can well reflect upon the experience of the past. It need not go back beyond the period of the present century to find the start of such marked advances in science, in mechanical devices, in the modes of locomotion, in the manner of transmitting communications, and a multitude of other similar, if not so important advances. When the present public bonds itself to the limit to meet these changes which have been almost revolutionary in their effect upon the ordinary affairs of life, business and progress on all sides, and when it undertakes to strain its present ability to carry the load of bonds which appears to be necessary to keep pace with the advances, it should not commit the mistake of assuming that the progress of science,

and of inventions, will remain at a standstill. It should not attempt to look so far into the future as to plan today for those public undertakings, which may fit the needs of the present, but become discarded, and wholly unsuited for the needs of the future public.

The present public can progress with sureness of action to that end, if it confines its efforts to do what seems indispensable to the real necessities for present needs and present progress. Can do this with conservatism. But when it attempts to do today everything that appears to the present minds of men, all that will be necessary to be done to meet the needs of the future men who become our successors, and when it presently issues bonds and pledges the credit of the present and future public to the payment of those bonds, it should not overlook the possibility that such bonds, may become mill-stones of burden upon the future public, and may be such a burden, as will retard that public from adapting itself to the real needs of its own time.

**With the developments of the past. With the changes which have come about in the rear past. With the burdens of bond issues, and taxes incident thereto which have already assumed an almost unbearable weight upon every private activity of the present. With all this in mind, the present public can play safe, and can from now on direct its efforts to diminishing, rather than increasing its own tax burdens incident to bond issues, and with it all, can in a large measure let the future take care of its own problems for advancement, and let it do so unhampered and unimpeded with a left over heritage of public indebtedness created today, and so created not to meet present needs, but to anticipate the future, and what that future will need.**

### ***Table Showing the State, County, Special District, City and Town Taxes of Yavapai and Maricopa Counties From 1913 to 1923***

Following out a plan which was started in the last previous issue of the Magazine, which is to present from month to month the figures of taxes which are raised, and have been raised in the various counties of the state since statehood, the tables of figures which follow, show as to the counties of Maricopa and Yavapai the tax situation in each of those counties as that situation has been, commencing with the year 1913, and including the tax year of 1923.

These tables show, year after year the

amounts of taxes raised in those two counties, for state purposes, that is amounts which have been collected by the counties and by them turned over to the state treasurer. Included in these figures are the state taxes collected for the state common school funds, and the state taxes collected for the state highway fund. As to which funds, under the law, certain portions were collected, either for the "75 per cent" portion of highway funds to be devoted to highways of the counties in proportion to

their respective contribution in state taxes for that fund, and certain other portions are also distributed to these and other counties from the state school funds.

These tables show, year by year the amounts of taxes raised in the counties for county purposes, including therein such funds as have been raised for highways and schools, through taxes spread over and upon the entire taxable property of each county.

These tables show also, the aggregates

of taxes raised by taxes spread over the property of special districts, school and other districts, but confined to the property within the boundaries of such districts, as distinct from the entire property of the counties.

Under the head of "city and town taxes" the aggregates given in the tables for each year, are the aggregates of taxes levied and collected for the city and town purposes of incorporated towns and cities within the two counties.

The totals shown in the last columns of the tables, shows the aggregate of all taxes for all the purposes which appear under the preceding heads in the tables.

As stated in the previous article written in connection with similar tables heretofore published, the figures given furnish no basis for any comparison of costs of similar purposes as between the counties named. The figures do show that taxes of all kinds, state, city, town, school district, and other special districts, have increased in amounts since statehood. The causes for these increases as they appear in county taxes, in school district taxes, and in other special district taxes, as well as the increased taxes applying to towns and cities, are best known to the citizens of those particular localities affected by such increases. Just as the saying is,

"charity begins at home", so it is true, that if taxpayers are interested in reducing the general burden of aggregate of taxes, that is, interested in such enforced economy in the matter of public expenditures as may be possible, there is an opportunity presented for each taxpayer, to do his or her part right at home. If it is costing too much to carry on the affairs of the home town, of the home school district, or of the county, the taxpayers of each, are on the ground, and can do effective work towards any possible reduction of expenditures, and thus reduce the taxes to be raised for local purposes.

### MARICOPA COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 to 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 331,465.71	\$ 378,339.65	\$ 254,857.29	\$ 225,019.49	\$ 1,189,682.14
1914	338,928.41	392,242.99	321,499.84	295,934.36	1,348,605.60
1915	396,157.04	425,502.01	316,273.14	254,145.32	1,392,077.51
1916	287,397.20	409,541.00	311,025.93	243,171.56	1,251,135.69
1917	431,786.37	439,857.14	408,585.47	333,089.41	1,613,318.39
1918	379,731.33	535,518.54	476,848.00	389,634.00	1,781,731.87
1919	603,904.01	734,749.87	693,162.00	417,105.71	2,448,921.59
1920	637,671.06	745,068.30	1,376,951.67	724,145.78	3,483,836.81
1921	947,844.23	1,314,647.01	997,375.60	771,333.56	4,031,200.40
1922	595,814.95	1,600,522.52	912,611.86	769,125.97	3,878,075.30
1923	645,721.09	1,577,805.39	992,562.79	694,701.46	3,910,790.73

### YAVAPAI COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 to 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 196,338.04	\$ 200,304.46	\$ 21,084.11	\$ 45,312.25	\$ 463,038.86
1914	193,463.08	241,285.42	35,605.76	47,188.75	517,543.01
1915	245,980.68	277,867.07	43,326.48	52,084.49	619,258.72
1916	233,116.09	320,534.62	72,329.10	48,963.39	674,943.20
1917	528,130.99	347,480.57	88,922.59	74,300.00	1,038,834.15
1918	509,243.99	382,585.87	100,176.75	93,846.68	1,085,853.29
1919	804,496.08	455,881.11	191,488.90	103,569.15	1,555,435.24
1920	617,710.99	591,702.11	415,892.25	109,743.45	1,735,048.80
1921	893,229.31	741,502.68	254,585.77	146,847.44	2,036,165.20
1922	550,337.48	528,755.61	180,885.03	169,674.47	1,429,652.59
1923	596,426.11	855,741.81	328,570.34	164,358.96	1,945,097.22



## What are Some of the Creating Causes of Increased Taxes?

This question is one which should be thoroughly understood, and its answer remembered by everyone who is interested in steps towards a reduction in present taxes.

The first answer to the question may assume the negative form: That of what does not effect taxation one way or the other. The tax rate per hundred is simply a means of spreading taxes over the amount of taxable property of the state, its counties, towns, cities, school districts, and other special taxing districts which exist by law. The assessment of property for taxation purposes is but a means of equalizing as nearly as may be, according to the real cash value of property, the amount which each property owner is required to contribute in taxes to the public treasuries. The hundred dollars of value when used as a unit to be multiplied by the tax rate per hundred to arrive at the amount of each tax, are but means to the end of acquiring for public use, such funds as are not available from other indirect sources of revenue, and together with such amounts as are derived from those other sources, in the aggregate provide an amount sufficient to pay the cost to the public of public activities.

### Increased Tax Rates, Nor Changed Valuations of Property do not Cause Increased Taxes

The tax rates appearing upon any tax roll is not a cause for either high or low taxes. The assessed values also appearing as against the names of individual owners, as being the taxable value of the property owned by each such individual is but a means of raising taxes, and is not a cause of high taxes or low taxes. The tax rates may vary. The assessed values of different classes of property may increase or decrease from time to time. But these increases or decreases come about through efforts directed towards fixing the valuations of the property to be taxed. The rule which is applied is a rule which calls for an assessment of every class of property at its value at the time assessed. In theory the rule will equalize the proportion of taxes borne by the owners of each class of property, with that proportion of taxes to be borne by the owners of each and every other class of property within a taxing district. The

theory of the rule of assessing property according to its valuation seems to be one generally adopted to bring about an equality of tax burdens as between different classes of property. There is no fault to find with the rule of such a theory. Individual taxpayers may feel that assessing officers have dealt unjustly with them in applying that theory to their particular property when the assessed values thereof are fixed. But individual taxpayers are entitled to a hearing before the boards, before that assessed value becomes permanently fixed for the rolls of a tax year. And if after such a hearing, individual taxpayers are still inclined to believe the values for assessment and taxation purposes have been fixed "too high", they must remember that men differ as to how much a horse is worth in a horse trade, and that it is impossible for two men to entirely agree as to what a parcel of property is actually worth. If taxpayers give assessing officers credit for doing the best they can in arriving at assessed values, then in the absence of any actual bias, or prejudice on the part of such officers, the taxpayers in the use of the theory of taxation above referred to are getting the best rule of equality aimed at an equal distribution of tax burdens that man has been able to devise, and are getting the best application of that rule in its use in fixing values as the basis for an equal distribution of those burdens, that is possible in view of the differences of opinion as between individuals as to what things are really worth. That element of differing ideas will be present in any scheme of direct taxation based upon values of property to be taxed, and is an element which cannot be eliminated, as long as two men see things with their own eyes. For just that length of time the two will differ as to what is seen. Perfection is a seeming impossibility. The aim of tax laws is to arrive as near perfection as it is possible, and the tax laws of Arizona are not at fault, for reason of apparent, or claimed inequality in fixing values of property for tax purposes, by applying such laws fairly. So as said above, the mode and manner of distributing the tax burdens among the individual taxpayers, is after all only a means to the end of providing the aggregate of funds required to carry on public activities which are to be so carried on through tax raised funds, and that mode and

manner is not a means of increasing or decreasing the aggregate of tax raised funds so required for such public activities.

This Magazine has attempted to convince its readers that the real cause of increased tax burdens is nothing except the increased demands as to what shall be undertaken at public expense, or, stated in another manner, the increased tax burdens are caused by increased expenditures for public purposes. The answer to the question in the title of this article, calls for going into some of the principal causes which taken together finally bring about increased expenditures. Those causes seem to fall under three general heads. **Public demands as to what shall become public activities to be carried on with public funds. Laws enacted in response to such demands, and making appropriations from public funds for each activity so authorized, adopted as a public activity, and as such in need of funds to function as such. The actual use of public funds by public officers charged with the duty, and empowered to perform the various activities which become such due to the natural result of the effect of the two causes first given.** The demands of the public, affirmative legislative response to such demands, and the action of administrative officers in expending funds appropriated, are the three causes, which when applied to any public activity, gives that activity its place among and with all other activities, for all public objects, purposes, projects, and activities of all kinds, which taken together from the standpoint of public cost of each and all thereof, become finally the real cause of increase in public expenditures, and so taken all together is the real cause of and for the increased taxation which is now burdening the general public.

What can the public do about those causes is a question which is suggested immediately the cause of increased taxation is traced to its general source or sources. Briefly, the public itself can diminish its demands for legislative action creating new and more public activities to be supported through tax raised funds. The legislature can if it chooses, lend a deaf ear to demands for more laws which authorize more public activities and carry appropriations therefor. The administrative officers, have the power not to expend all that is ac-

tually appropriated, if in their judgment a particular activity can be conducted effectively with less expenditure.

The actors in all three of the causes above given as causes for increased

taxes, can unite in a common chorus. "We hope to be able to bye and bye, but we cannot afford it now", and let them sing and whistle that chorus collectively, and as solos when acting their particular

parts in the causes leading up to increased taxation, and the answer as to what to do about present tax burdens would become manifest to all, and would thus result in answering itself.

## Unit System of Purchasing Supplies for County Offices

The Board of Supervisors of Maricopa County are expecting to lessen the cost of supplies to the different county offices, county officers, and institutions through the adoption of a method, under which all such supplies will be purchased by that board. The board has recently directed a letter to all such offices of the county, which reads as follows:—

"In view of the increasing cost of county government and with a desire of administering the financial affairs of the county in the most efficient manner possible, the Board of Supervisors passed a resolution providing that all purchases for supplies of every legal character, that become a charge against the county, shall be made through this office and by proper order instructed the Clerk to assume this additional responsibility."

"In order to make effective the undertaking your co-operation is respectfully asked and you may be assured that every assistance will be rendered by this office toward making your administration a success."

"It is the purpose to co-ordinate the various departments of the County Government, eliminating duplication where ever possible and make the larger purchases through competitive bidding."

"The necessary forms will be provided for your use when ready."

In connection with the above, it is now the practice for each of the nearly one hundred offices and officers of Maricopa County to purchase the supplies needed for each. Many of these supplies are similar in character. The buying of such supplies in the small amounts needed for each office, means that each purchase is made at the "long price", and without any competition. In some cases which have come to the attention of the board, articles have been ordered without any price being fixed and the county treasury has not been able to get the best of it when the accounts came up for audit and allowance. Another feature which has appeared in connection with the old method of purchasing, was that of a duplication of supplies, and office equipment. While such duplication has not been intentional, the information received is to the effect that no systematic

inventory has been kept, and in the absence thereof, supplies and equipment which have been purchased for one or more offices, may have accumulated into an excess of supply, while other offices are buying more of the same things so accumulated.

The Magazine is informed that it is the intention of the Board of Supervisors, through a constantly exercised supervision of the matter of supplies by its Clerk, to perfect an inventory of such supplies in each office and in all offices. To make purchase upon requisitions therefor made to the Clerk by each office and officer apparently in need of new supplies. These requisitions will be made monthly, except in emergency cases, and with each requisition there will be required a statement of how much "is on hand," of the articles desired. From these requisitions, from the orders given, and through the distribution of the supplies actually purchased, the expectations are that the total cost will be lessened as to what is actually needed and finally purchased, and the total amount of county funds expended will also be lessened through a prevention of overpurchasing.

With all supplies purchased through the office of the board of supervisors, under a system of requisitions, and of supply according to needs, the records of the board will be kept in such manner that the amounts expended by each office and each officer, can be checked against the annual estimate, or "budget" allowance for maintenance of each. The records of the board will show, through checking up of orders made, but not actually filled and paid for during a fiscal year, the encumbrances upon the appropriations for each office, officer and county institution. This question of "encumbrances" upon funds appropriated, has been one of the uncertainties connected with what might otherwise be an exact and accurate balance sheet of all county business, required in connection with the statements to be prepared as a part of the annual estimates adopted by the boards of supervisors, from which to work out the amount of funds to be required for the

purposes of a new fiscal year. The question of real balance of really available funds remaining from one year, to meet the public expenses of a new fiscal year, is an important question. Under the old method, if it was not impossible, it seemed to be such an arduous task, as not to be undertaken, that the real "unencumbered" balances of funds be truly stated in the annual estimates. If, however, the new system of purchasing is worked out to its full possibilities, the warrant book of the Clerk of the Board of Supervisors taken with outstanding orders made under requisitions from the various officers of the county, all properly recorded and made part of the accounting system of the board, will, or should enable a real balance to be struck as to actual expenditures made, actual liabilities incurred, and actual unencumbered balances in each county fund.

This Magazine has repeatedly advocated a unit system of purchasing and a uniform accounting system in connection with school funds. The new method as above adopted by the Maricopa Board of Supervisors, will not change the present system as connected with the schools, nor school fund purchases, nor expenditures. The new system will if worked out in the manner as planned, become an object lesson, and will show, whether or not, a saving of taxpayers' money can be effected through a unit purchasing agent of other county supplies. If the result is an actual reduction in cost of such supplies, then the object lesson will more than prove itself, in event a similar system were to be installed as relating to common school supplies. More than prove itself for the reason that each school would require similar supplies to those required by other schools in a county, and the similarity would result in larger purchases of the same lines of supply, than could be the case in purchases for officers and offices whose public activities were in the main dissimilar.

It is to be hoped that the board of supervisors will have the co-operation of other county officials to such an extent that a real test as to economy may be made in connection with the new plan proposed.



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription MAY, 1924 50 Cents

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## Questions and Answers

**Q.—Is there any provision in the constitution or laws of Arizona which exempts any class of persons, or classes of property from taxation?**

**A.—Yes, there is a constitutional provision which provides as follows:—**

"There shall be exempted from taxation all Federal, State, County, and municipal property. Property of educational, charitable, and religious associations or institutions not used or held for profit may be exempted from taxation by law. Public debts, as evidenced by the bonds of Arizona, its counties, municipalities, or other subdivisions, shall also be exempt from taxation. There shall further be exempt from taxation, the property of widows, residents of this state, not exceeding one thousand dol-

lars, where the total assessment of such widow does not exceed two thousand dollars. All property in the state not exempt under the laws of the United States or under this constitution, or exempted by law under the provisions of this section, shall be subject to taxation to be ascertained as provided by law."

Under the above provision, the legislature has enacted as follows:—

"All lands and lots of ground, with buildings, improvements, and structures thereon, belonging to the state or any municipal corporation, or to any county of the state, and all lands belonging to the United States, and all buildings and improvements belonging to the United States. \* \* \* Public debts as evidenced by the bonds of Arizona, its counties, municipalities, or other sub-divisions; court houses, jails, town halls, council chambers, houses occupied by fire companies and their apparatus, and other structures and edifices owned by the public, and all squares and lots kept open for health or public use, or for ornament, belonging to any county, city, or town in this state; and, public libraries, colleges, school houses, and other buildings for the purpose of education, with their furniture, libraries, and all other equipments, and the lots or lands thereto appurtenant and used therewith, so long as the same shall be used for the purpose of education, and not used or held for profit; provided, that when any of the property mentioned in this sub-division is private property, from which a rent or valuable consideration is received for its use, the same shall be taxed as other property. \* \*

\* Hospitals, asylums, and poor houses, owned by the public, and other charitable institutions for the relief of the indigent or afflicted, schools for the education of Indians exclusively, and the lots or lands thereto appurtenant, with their fixtures and equipments, and grounds and buildings belonging to agricultural societies, so long as the same shall be used for those purposes only, and not used or held for profit. \* \*

\* Churches, chapels, and other buildings for religious worship, with their furniture and equipments, and the lots of ground and improvements appurtenant thereto and used therewith; provided rent is not paid for such grounds, and

so long as the said ground and improvements shall not be used or held for profit. \* \* \* Cemeteries and graveyards set apart and used for the purpose of interring the dead, except such portions of such cemeteries or graveyards as are used or held for profit. \* \* \* The property of widows, residents of this state, not to exceed the amount of one thousand dollars to any one family where their total assessment does not exceed two thousand dollars.

—o—

**Q.—What are the powers of county boards of supervisors as to purchasing of supplies for county officers and county institutions?**

**A.—**There are several provisions of the Code which bear upon the answer to be given to the above question. These are found in paragraphs 2418 and 2421 of the 1913 Civil Code. These provisions read as follows:—

"The board of supervisors, in their respective counties, have jurisdiction and power, under such limitations and restrictions as are prescribed by law, to

Contract for the county printing and advertising, and provide books and stationary for county offices. . . .

To do and perform all other things and acts which may be necessary to the full discharge of the duties of the chief executive authority of the county government . . . and, . . . All

books, stationery, and supplies for county institutions for the ensuing year, and all erections of repairs to and alterations in any county building exceeding in value the sum of one hundred dollars shall be let by contract, after advertisement made for bids therefor for not less than ten days nor more than four weeks in the official paper of the county. Such advertisements shall state that sealed bids will be received at the office of the board of supervisors until a date therein named, and shall state generally the nature of the bids, and that specifications therefor may be seen at the office of said board; or it may call for specifications and bids, the Board shall let the contract to the lowest bidder, or may reject all bids and re-advertise. . . ."

Under the above provisions it seems quite plain that each board of supervisors not only has the power, but is in duty bound to make purchases of supplies necessary for county offices and institutions.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME ELEVEN

PHOENIX, ARIZONA, JUNE, 1924

NUMBER SIX

## MORE SUGGESTIONS AS TO MEANS OF REDUCING AMOUNTS OF DIRECT TAX LEVIES

With the near approach of a new fiscal year in the financial affairs of the state, counties, cities and towns of the state, the time is now at hand to plan the ways and means through which funds may be provided to meet the required expenditures which are to be met in connection with all the current expenses of administering governmental affairs, including such funds as are necessary to support the schools, other educational institutions, and in fact so necessary to provide for carrying on all public undertakings. The question is, from what source will those funds be derived? There are but two classes of public funds, first, those raised by direct tax and second, those revenues derived from "other sources of revenue."

The state constitution prescribes the order in which such revenues shall be considered in funding public affairs of the state, when it says: "The legislature shall provide by law for an annual tax sufficient, with other sources of revenue, to defray the necessary ordinary expenses of the state for each fiscal year." And where it also says: "The revenue for the maintenance of the respective State educational institutions shall be derived from the investments of the proceeds of the sale, and from the rental of such lands as have been set aside by the Enabling Act, for the use and benefit of the respective State educational institutions. In addition to such income the Legislature shall make such appropriations, to be met by taxation, as shall insure the proper maintenance of all State educational institutions." Thus these "other sources of revenue" are to be looked upon as first source, and direct taxes additional thereto as a second source, for support of state activities. This idea and order of importance as between "other sources of revenues" and direct taxes, is maintained in legislation pertaining to taxation for county and municipal purposes.

The suggestion therefore is, that every other source of revenue be carefully considered, including a consideration of whether those sources are used to the best possible result as productive of the highest amount of revenue, actually earned and actually collected into the state and other public treasuries of the state from each and all of those sources. If there is any defect in existing rules, regulations, or laws, pertaining to that subject, let those defects be presented to the next legislature for remedial legislation. If taxpayers are not given full benefit of all revenues actually in sight, the process of arriving at estimates as to such revenues should be corrected that full credit therefor be given as against contemplated expenditures of a new fiscal year.

Taxpayers should see to it, that every dollar of every other source of revenue to the public should be made available and actually credited as against the aggregate of funds needed, to the desirable end that direct taxes will be levied only for the remaining balance needed. The accomplishment of this credit, will tend to reduce taxation.



## EDITORIAL COMMENT

### Reduce Direct Taxes Through Increasing the "Other Sources of Revenue" Represented by Income From State Lands

Following the line of a policy of Congress which was initiated when the Northwest territory was organized, each territory of the United States, upon coming into statehood, has been endowed with school land grants. The people of the original thirteen states appreciated that no better means of perpetuating American ideas of liberty, freedom, and the pursuit of happiness and the continued existence of a government by the people and for the people, than by perpetuating the means of educating the growing generations to the extent at least of a common school education, and as a means of so doing the idea of "school section" lands had its inception. As time went on, the original single section of school lands out of each township, was increased to two sections and when Arizona became a state, four sections out of every township, was set apart and donated by Congress as the nucleus of a permanent common school fund, to be perpetuated in trust, with the revenues therefrom to go forever towards the support of the schools of the state. This land fund alone comprises over eight million three hundred thousand acres, or to the extent of any sales therefrom, the proceeds of such sales is in turn impounded as a permanent trust fund, the principal of which is to be safeguarded, through investments in safe, interest bearing securities, that the current revenues, either from rentals of the lands, from interest upon contracts for sales of lands and interest from loans made out of principal paid to the state upon sales, becoming current funds available for support of the common school system of the state.

When the mind of the public is giving attention to answers to the question of how the aggregate of direct taxes may be lessened, and when in connection with the question of that aggregate, it is borne in mind that nearly fifty per cent of the direct taxes of the state and counties is levied for school and educational purposes, it should not be overlooked that the taxpayers should have the aid of the greatest possible income from the fund originally represented by the eight million three hundred thousand

and acres of school lands.

#### Make Trust Funds Income Producing to Fullest Extent Possible

The minds of the public should be exerted to make assets of this size and magnitude as valuable as possible to the end of reducing the aggregate of annual tax levies for common school purposes and maintenance. On one side of the ledger the public has been repeatedly forced to borrow upon "anticipation" bonds, funds with which to pay into school funds, and into other funds, in advance of actual collections of state taxes, that the current bills of the state might be paid in cash. These loans call for an outlay of interest. This interest is a dead loss. If there is a shortage of tax money through delinquencies, and if there is interest to be paid upon loans made through "anticipation bonds," the easiest way of squaring the public cash and to make it equal public expenditures, is to levy more taxes. "Easiest," in the sense that such manner of doing a balancing feat, can be done with the pencil by simple computation of what there is to pay, and tax accordingly to produce that amount. "Easiest," for the reason that the cause for increased taxation, is not always apparent upon the face of the tax rolls, nor yet upon the face of published estimates and annual budgets. "Easiest," because many of the public have become so accustomed to swallowing the lump figures of their taxes at one gulp, and while the taste may be unpleasant, it is accepted as being unavoidable, and there the matter is left without further analysis as to what is in the lump, and without further active concern until another lump of taxation is presented for payment in another year. The people have become so accustomed to paying taxes, regardless of the whys and wherefores, that the easiest way to raise public funds is by taxation. If the same taxpayer was digging down into his private funds, to meet the taxes upon property which could be made income producing, his first thought would be to remedy such a burden through idle property, by making every possible effort to put that property into an income pro-

ducing class. His efforts would be to make it help pay its own way.

So it is with this common school fund in lands and in funds realized therefrom, through sales of lands and products therefrom. A fund created primarily for the purpose of providing for the current maintenance of the schools, another source of revenue for school support and maintenance, to such an extent as those revenues may be derived from the income, such as rentals, interest, penalties, upon land sales, and interest upon loans from the principal of such sales. The taxpayers are called upon to go into their private funds to pay taxes for the support of schools, and do so with more or less indifference as to whether the other sources of revenue are kept up to the highest amount possible, or not. The same individual who would endeavor to make his individual property productive of income, and who as a taxpayer may complain of the burden of high taxes, may manifest no concern whatever as to whether public assets are productive of income or not. Yet with every extra dollar which might be realized through the means of income from school land funds would be just one less dollar to be paid by taxpayers.

#### Some Examples as to Present Status of Trust Funds

The state records show that up to the end of the fiscal year 1921-1922, there had been loaned \$1,368,571.00 from the state common school land funds. That upon those loans there was unpaid interest the sum of \$90,577.82. The records up to the same date show that the principal of the loans had been reduced by payment of an aggregate of \$391,391.00. That these loans were made during a period of seven years, and that a total of \$107,628.19 had actually been paid as interest upon such loans, or a little over fifty per cent of the interest actually earned had been actually paid. The state records also show that loans from other land grant funds have been made, and there is still outstanding and unpaid upon these loans, including the above mentioned loans from school land funds, a total of \$1,481,087.66. These

total loans have earned \$190,461.80 in interest out of which there is unpaid the sum of \$128,918.87. The records of the state so far as published do not show just how much remains in these various land funds, nor just how much has been loaned out. The exact amount is not so material to the subject under consideration in this article. With respect to these funds, taxpayers are really concerned with two important queries. Are the funds intact and secure. Are those funds either represented by balances in the state treasury, real available balances, as distinct from ostensible balances, and are such portions of these

land grant funds as have actually been invested in loans, so as to be interest bearing and productive of other sources of revenues for the support of the schools and other institutions, safely invested.

With an available asset which should amount to between two and three millions of dollars in cash, either in hand for loans, or already invested so as to be safely secured and interest bearing, the general public is concerned upon the subject of how much of that asset is "still safe," and why any investments made there of is not productive of income in the shape of interest actually paid into the state treasury.

It is no secret that state officials are aware that over \$629,000.00 in the principal of loans, collectively known as "Lyman Dam" project loans is in serious jeopardy. Nor is it any secret that another aggregate of state loans amounting to \$75,000.00 made upon lands near Maricopa station, in Pinal county, is likewise in jeopardy. The amount of unloaned balances which stand as a credit to these various land funds upon the books of the state treasurer may in fact be in the figures which are based upon deposits made in banks which have failed, and which were not adequately secured, and will entail loss to the state

## TIME TO POSTPONE ISSUING OF BONDS

This Magazine has suggested in several articles recently published that general financial conditions were such as to leave it inadvisable for the public to undertake any more new ventures to be financed through a further issuance of public bonds. It even ventured an assertion that the practice of issuing bonds for miscellaneous purposes, public purposes so-called, had become almost an epidemic throughout the states. That these assertions are of facts and not fancies, and that taxpayers of other states are more or less up in arms about the tendency to an unlimited use of public credit in bond issues to finance various classes of public undertakings, is shown by an article which was published in a recent number of the New Mexico Tax Bulletin, a Magazine which is devoted to the interests of taxpayers of that state as involved in efforts to encourage economy in the use of public funds, and other efforts to relieve the strain of heavy taxes as an expense upon private business, and private activities of all kinds. The writer of the article does not mince matters at all in touching upon the subject under the above head, and while the situation in New Mexico may materially differ in its details from the situation in Arizona, the article is quoted, and our readers are given an opportunity to judge as to how many, if any, of the cogent reasons given as to why no more public bonds should be authorized in our sister state of New Mexico, may apply in Arizona.

The article reads as follows:

### "TIME TO POSTPONE ISSUING OF BONDS"

"As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible. It is essential that you should practically bear in mind that for the payment of debts there must be revenue; that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant."

The warnings of Washington have usually proved their soundness and should be especially heeded at this time in New Mexico. During the coming months, various proposals will be made to issue bonds for buying sites, constructing school houses and purchasing equipment. All such proposals should receive careful consideration in view of the following facts:

1 Assessable property has decreased in value twenty-five per cent in three years.

2 Large amounts of taxes remain unpaid because of inability of taxpayers.

3 Thirty-four banks, one third of the whole number, have closed during the last two years.

4 Bankruptcies and receiverships are every day events.

5 Citizens of the state have moved out in numbers in discouragement.

In view of these "hard facts," it can be clearly seen that we have all that we can do to keep our current expenses without indulging in large capital outlays. Recovery is certain, but it will be retarded by the handicap of high taxes. As our first president

said, "No taxes can be devised which are not more or less inconvenient and unpleasant." Unfortunately, we do not think of that when some enthusiastic soul brings forth his plausible arguments for this or that improvement. Borrowing is so easy in these days of tax exempt securities, but debt is a mill stone to hamper our progress. For every dollar of benefit we pay out two in interest and principal payments. It will rest upon the shoulders of the next generation with deadening effects.

In considering the issue of bonds, certain questions should be answered:

1 Is assessable property increasing or decreasing?

2 Is the average income of the taxpayers more or less than formerly?

3 What are our fixed stable assets?

4 What is the present tax rate and can it be safely increased even by a fraction of a mill?

5 Who pay the taxes and can production and industry maintain themselves under further impositions and exactions?

6 Is it safe to add capital to current expenses which are not and cannot be met?

New Mexico has been wiser than many other states in policies of economy in public expenditures, but such a policy is absolutely imperative in a state with so little available wealth. Better times will come, but until the state has enjoyed at least one good year, will it not be best to avoid placing heavier mortgages on the future? "As a very important source of strength and security, cherish public credit" are the words of wisdom to be heeded in these critical days.



and to these particular trust funds. From the standpoint of sound finances, the real situation is that out of less than three millions of dollars which have accrued to the various land funds, something near one million five hundred thousand dollars are far from being either safely in hand, or safely invested, and this situation which has come about with the funds themselves less than ten years old.

This Magazine is not concerned with any of the causes which have tended to the above situation as to the jeopardy of the principal of the trust funds, as above referred to. It goes without saying that a cause or causes thereof, exist in fact. Experience has shown that trust funds can be handled safely, and the trusts to be supported from the incomes thereof actually get that support. So at a time when taxpayers are considering ways and means of financing a new fiscal year in public finances. When the question of how much help can be depended upon in the way of "other sources of revenue," to reduce the balance of required funds as much as possible, and leave as little as may be to be levied and collected from taxpayers in direct taxes, is the leading public question of the hour, taxpayers public officials, and all persons are vitally concerned in ascertaining the reason why the state land funds are in their present condition of jeopardy, the reason why those funds are not productive to the fullest measure of income possible and consistent with safely invested funds and when those reasons have been determined, those same taxpayers, public officials and members of the public generally, are further interested in such action as will remove any chance that any of these trust funds will be further jeopardized through investments, except such as are in fact "safe investments," and such investments as when made, will in fact prove to be interest bearing securi-

ties" as security for the principal of the funds, and as an insurance that the agreed interest to be paid, will in fact be paid.

Whatever the cause or causes which have existed and the existence of which has tended to endanger the principal of the trust funds, should be quickly ascertained. When so ascertained the safety of those funds which now remain, and the safety of all additions thereto, insured by an elimination of such causes, and thus prevent any further impairment of the trust, or danger to the funds, through any repetition of the future effect of the same or similar causes.

#### **There Should Be No Speculation as to Future in Making Loans From Trust Funds of the State**

It is without reflection upon anyone at all, that one apparently controlling cause for the present situation of the loans made from these trust funds, seems to have been included in a policy of the state to aid in the reclamation of arid lands. In other words to assist in providing for making desert lands into agricultural lands, through the use of money loaned from such funds. The policy of developing the resources of the state, through reclamation projects, is a laudable policy, but at the best such projects are involved in so many elements of a speculative nature, as to still be looked upon as speculations. The experience as regards the final outcome of so many attempted reclamation projects, has been such as to make private investors wary. Securities based upon the possibility of final success of such ventures, have not been looked upon as safe securities by an investing public for years past. It has been this wariness of private capital to accept such securities for loans made to install reclamation projects, that has brought about the idea of public irrigation districts, and the is-

suance of public bonds of such districts as a means of procuring funds, for installing the projects themselves and even bonds of this class are considered speculative in fact, and sell at discounts from par face value in many instances, and are not salable at all in other instances when offered. All of which shows conclusively that investments in connection with such projects are not generally considered "safe investments." So with these trust funds, held by the state in sacred trust as a continuing heritage to the common schools of the state, its other educational, and other institutions, for which such trust funds have been provided, there should be no element of uncertainty as to the real safety of the investments thereof. No matter how laudable the purpose no matter how much that purpose if carried to a successful termination, might finally show development in the wealth of individuals, and thus an increase in the taxable wealth of the state, that purpose should not be furthered by financing through the use of state trust funds, under any circumstances at all where the real value of the security offered is not a safe, real and present value, nor in any case at all where the real safety of any such investment at all depends upon any guess or speculation as to some future value which may come about but not presently existing.

The public in Arizona cannot afford to speculate with its trust funds under any circumstances at all. If the only door open to a development through reclamation of desert lands, is to be an open door to the use of these trust funds, the only answer to a proposition which includes that use, should be no. For safety first, and no chance taken, must be the rule followed if the permanency of these funds is to be insured as a means of continued revenues for support of the schools and other state institutions, as the beneficiaries of these trust funds.

## *The Figures of Taxation for Counties of Pima and Pinal Since Statehood*

In tabulating the figures which represent the taxes which have been levied and collected in the various counties of the state, for state, county, city, town and special district taxes, so levied in each county, the Magazine has taken counties in the order which follows from the relative assessed valuations of the various counties, grouping them two counties in each issue and presenting

that two which had the highest assessed valuation upon the tax rolls of the year 1923, first and so on down the list of counties. So in following that order, the tables which appear below show the amount of state, and county taxes levied in Pima and Pinal counties, and the amount of taxes levied for city, town and special district purposes of the cities, towns, and special districts located in

those counties, beginning with the year 1913, and ending with the year 1923.

Still having in mind, that regardless of any fluctuations as to the total assessed valuations of the property in the various counties, as that valuation has appeared upon the tax-rolls of the various years from 1913 to 1923, the real test as to whether taxes are high or low, is found in looking to the aggregate fig-

ures of taxes actually levied for public purposes, as those aggregates compare year by year, and also having in mind that the purposes for which county taxes are levied are purposes local to each county, and the city and town purposes for which city and town taxes are levied are still more localized purposes, the

question of just how any of these aggregates may be lessened and by that lessening, the aggregate burden of local taxation may be decreased, resolves itself into a matter for the taxpayers of the counties, and the particular localities to handle. Those local taxpayers are or should be familiar with what the needs of their particular county, city, town and

special districts are, and can act for themselves along any lines of possible economy, which will result in still raising the aggregates of taxes, necessary to supply those real needs, and through an elimination of all other items of proposed expenditures to be so locally made, which are unnecessary.

### PIMA COUNTY SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 to 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$118,150.35	\$204,077.88	\$ 18,418.60	\$ 76,348.83	\$ 416,995.66
1914	113,913.21	167,670.00	14,090.84	75,413.67	371,087.72
1915	140,441.88	223,666.70	39,011.63	123,022.19	526,122.40
1916	108,507.14	227,865.00	27,466.00	151,684.56	515,522.70
1917	195,560.65	297,910.15	62,081.63	163,183.28	718,735.71
1918	240,415.93	357,741.64	66,791.45	218,188.95	882,937.97
1919	387,274.99	477,634.71	148,033.52	215,777.90	1,228,721.12
1920	302,563.09	640,159.80	148,033.52	257,998.00	1,348,754.41
1921	447,594.97	686,721.06	167,491.10	276,306.00	1,578,113.13
1922	285,605.77	632,812.79	169,042.89	280,827.68	1,368,289.13
1923	318,997.20	657,411.62	264,922.68	298,975.87	1,540,307.37

### PINAL COUNTY SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 to 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 95,570.91	\$128,393.25	\$ 8,204.87	\$ 2,200.00	\$234,369.03
1914	107,937.48	149,172.02	10,738.17	3,112.72	270,960.39
1915	136,249.74	188,534.31	23,851.77	3,600.00	352,235.82
1916	123,365.09	202,010.34	18,841.62	6,117.10	350,334.15
1917	249,305.58	216,686.16	16,337.84	7,885.79	490,215.37
1918	246,574.28	240,251.86	46,682.13	10,601.06	544,109.33
1919	414,430.46	252,694.13	61,644.83	12,963.23	741,732.65
1920	350,430.69	457,256.72	140,842.82	20,549.54	969,079.77
1921	477,478.54	477,563.57	93,334.04	28,580.00	1,076,956.15
1922	269,330.55	390,846.16	82,779.64	29,437.44	772,393.79
1923	279,690.63	368,851.13	111,954.21	29,566.13	790,062.10

## Arizona Can at Least Give Consideration to Expert Suggestions as to Bettering Our School System, Whether Following Them or Not

This Magazine has been in favor of a more centralized power for the control of the public schools of Arizona, which would include not only a power to insist upon uniformity as to the lines of study and means of teaching all that is to be taught in the schools, but a power to control the use of funds to be expended for school purposes. It has been appreciated that the creation of such a centralized power, would result in either abolishing the present scheme of trustees for each district, or curtailing the present powers exercised by such boards, acting separately, and unrestrictedly as unit boards of control, with each of the four hundred and eighty school districts of the state as an independent unit in our present schools system.

In advocating such a change as in general indicated above, the Magazine has been actuated with a desire for bettering the public school system of Arizona, increasing its educational efficiency, and if possible decreasing the aggregate cost of maintaining the system itself. Its articles bearing upon such a proposed change have not been shots at random, but have been based upon considerable investigation and study of the matter.

Our readers appreciate that this is an age of experts. Our educational system has already been revised to include many new thoughts and advanced ideas as to what should be taught the pupils of public schools, and have adopted similarly expert ideas as to the best methods of imparting knowledge from teachers to

pupils. In other words, our educators with power to act, have followed the lines of expert advise and expert opinions as a means of more educational results, but have been unable to go to the full extent of what is also included as expert suggestions, and which suggestions include an abolishment of powers in local boards of school trustees, as a means of still more effective results from the system itself, and as a means of lessening the cost of that system to taxpayers in general. The firm adherents to the present system of local control of school district affairs may sooner or later be convinced that some better plan may be devised, and no doubt that when so convinced will be ready and willing to be-

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## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JUNE, 1924 50 Cents

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## Arizona Can at Least Give Consideration

(Continued from page 5)

come converts to what that better system will include. A prophet is without honor in his own town, and so it is that the ideas of strangers, thoughts and suggestions of men and women who have studied a subject, and who have done so without bias and without prejudice, and with no motive for uttering anything at all as their suggestions upon a studied topic, except sincere and candid suggestions, many times have more weight in framing public opinion and public policies, than similar suggestions from those among our own citizens. Hence the Magazine presents to its readers, a copious quotation from a work written by Hon. E. P. Cubberly, entitled Public School Administration and after introducing the author as being a leading authority upon that subject in this country, quote his words, as follows:—

"City and County Administration Contrasted. When we pass from a study of the best principles of educational organization and administration, as rep-

resented by our school district development, to the conditions existing in the counties of most of our states, the contrast is marked in all that relates to efficient educational organization and administration. Instead of a county school system, analogous to a city school system in educational organization and administrative effectiveness, and which by analogy with all other forms of county public business we might expect to be the natural form, we find instead an unnecessarily large number of unnecessarily small administrative units, each under the administrative control of a local board of district trustees, and but loosely bound together in a county educational organization.

"Each Board works at the problem in about the same limited way, and each produces about the same limited and unsatisfactory educational result. The schools lack in numbers, interest, and enthusiasm. The teachers are often inexperienced and poorly trained, and the conditions surrounding living in the districts and work in the district schools are not such as to retain for long the services of capable teachers. The supervision, in so far as it comes from the county is clerical and statistical rather than personal and helpful; and in so far as it comes from the trustees is unintelligent to a high degree. The schools are so small and so expensive, and the number of children tributary to each is so small that no specialization of work is possible within the school. High school advantages are often entirely lacking, while co-operation for any other form of educational effort, such as district supervision, special teachers and instruction, health supervision, or an agricultural high school, is so difficult of attainment as to be practically impossible. Even the consolidation of districts to form larger consolidated graded schools, concerning the educational advantages of which so much has been written within the past quarter of a century, has been found to be almost impossible of attainment in the district-system states, due largely to the conservatism and inertia of these boards of district school trustees and the rural people whom they represent.

"Need for a Fundamental Reorganization. The district system of organization and administration, and to a certain degree the township system as well, is no longer adapted to meeting the educational needs of the present and the future. As a system of school organization the district unit has done its work, and it should be abandoned in favor of a unit more in harmony with modern business methods and one better calculated to

serve the educational needs of rural people. Nothing short of a fundamental reorganization and redirection of rural and village education, and along lines dictated by the best of city administrative experience can transform these schools into the type of educational and social institutions demanded by our present-day rural life needs.

"The county superintendent of schools a person who by all analogy with city school district administrative experience ought to enter the work as a life career, and with the idea of becoming a leader in his profession, is by the people of our counties still regarded merely as a political officer and clerk, and the old political principle of rotation in office is applied to the position.

"Instead of each county selecting this officer in the markets of the whole nation, so as to secure trained and experienced men for the work, the market is limited to each county, and the prospective superintendent must instead hunt the office by means of a political campaign.

"Why trained men go to the cities. It is not surprising that the office of county superintendent does not attract the best men in the teaching profession, and that but little progress in county educational organization and administration along sound lines has so far been made. Good men can sell their services in a better market. The low salaries paid, the expense of securing the office the public notoriety, the humiliation of defeat, the short tenure of office, the high protective tariff levied against brains and competency from the outside by the local residence requirements, and the inability to accomplish much in states where the superintendent has the district system to deal with, all tend to keep the best men out of the office. The position of county school superintendent of schools is one of much potential importance, but not until our counties do as our cities long ago did, and stop electing their superintendents by popular vote, can the office be made much more than a political job offering but temporary employment to the few who are willing to consider political candidacy.

"The clear and unmistakable lesson of our city school districts in the matter of employing school superintendents, and of all professional work and business enterprise in the matter of securing experts for any type of skilled work, is that thoroughly competent men are seldom secured by the political method. Before our communities can hope to have schools which for country and village children are as good as the cities provide for their children, they must pro-

vide some better plan for securing leaders for their educational service. Once take the office of county superintendent out of politics, making it appointive instead of elective; once open it up to the competition of the whole country, as high-school principalships and city superintendents have been; and once base salary, tenure, and promotion on training, competency and efficient service; and the office of county superintendent of schools will offer a career and an opportunity for constructive rural service for which a man or woman would be warranted in making long and careful preparation.

"The Way Out. This demands the subordination of the district system, the erection of the county as the unit for school organization and administration,

cities under city superintendents of schools being exempted from the county organization; and the complete elimination of party politics from the management of the schools. For the pleasure of electing a horde of unnecessary trustees and voting for another county officer the people have, as a consequence, an unnecessary number of small, costly, and inefficient rural schools, poorer teachers than is necessary, inadequate and other unsuitable instruction and supervision that is usually little more than a name.

"If our rural and village schools are to contribute anything worth while to the solution of our pressing rural life problem and to render any really worthy community service, rural school administration and supervision must be put on

as high a professional plane as is city school administration and supervision. This demands a form of educational organization somewhat analogous to that developed as a result of fifty years of work on the problem of city school organization. That will be one small central county board of education, composed of laymen, to replace the many district boards; the reorganization of the small, scattered, costly, and inefficient rural schools into a much smaller number of efficient graded, and centrally located community-center schools, with high schools attached or accessible for all, and with instruction better suited to the needs of rural children; and the institution of a form of professional supervision that is as close and as effective as that which our city schools today enjoy."

# *It's a Good Time to Consider as to the Actual Results of Bond Issues Before Authorizing any More Public Bonds*

In a state the size of Arizona, with its hundreds of miles of widths and breadths, its diagonals, and other distances the apparent need for more and more highways seems to speak in unresisting manner a demand for funds with which to construct highways. But the people of the state should not be carried off their feet in answering such demands. They should not attempt too fast a pace in the way of highway construction, even though the general trend of popular sentiment, may appear to be towards more and more highway construction, regardless of present ability of our present public to foot the bills of the cost thereof. In private life there is no more effective means of inducing individuals to attempt to live beyond their means, than is found in their attempts to keep pace with what their neighbors are doing. Unfortunately there are persons who make such attempts at going the pace, regardless also of future consequences to their credit. The roads of private life are strewn with derelicts who have fallen by the wayside, and have become failures, for no reason at all, except the lack of moral courage to say "no" to extravagant proposals which would involve them in a maze of expenditures beyond the limits of their income, and beyond the resources of safe credit and final ability to pay. The Arizona public is being constantly confronted with similarly extravagant public projects, including highway projects and others known to require more than the ready public means and resources

of that public, and including proposed additional pledges of public bond issues in order to put such projects through. **Thus far the Voting Public Has Refused to Authorize an Increase of State Bond Issues**

In the past, every proposition through which an amendment of the state constitution has been proposed under which the credit of the state itself might be pledged for highway projects, for reclamation projects, and for general purposes has been voted down by the conservative element of our people. But such projects have a way of again presenting themselves. No matter how often repulsed like "Banquo's ghost," those bonding schemes still haunt the dark passages, ready to pounce out upon an unprepared public, with a semblance of life, strength and support, which if not understood and resisted, may bring final success as against repeated reverses and repeated defeats of proposed state bond issues to be authorized.

**Every Public Bond Issue is Itself "Tax Exempt" and Creates an Equal Amount of Tax Exempt Property**

The time is always a proper time to stop, look, and listen. The Arizona public can look back over the years of its existence as a state, and look over the bonded indebtedness of the state itself, of its various counties, its cities, its towns, its school districts, and other districts created solely for the purpose of creating power therein to issue public bonds, and it can see an aggregate of

over \$45,000,000.00 of public bonds outstanding which draw interest upon which annual installments of principal are maturing, and which call for tax-raised funds. It can see nearly thirty millions of dollars of other public bonds, reclamation, irrigation, and similar bonds, already authorized, and upon the market for sale. It can see the proceeds of the \$45,000,000.00 of outstanding bonds, represented in a public investment in new highways, in new school, city, town, and municipal buildings, water, lighting, and sewerage plants, and the like. All tax free and tax exempt. It can see also the issued bonds held by persons, who to the extent of their holdings, are to that extent "tax-free" and tax exempt. It can see the possibility of a market for portions of the unsold bonds included in the thirty millions of special project bonds, legalized, authorized and as yet unsold, and with that market obtained, the public can see an additional public investment of all or part of that thirty millions of dollars, in what will be tax-exempt property, with the bonds themselves sold to persons whose investment so far as represented by such bonds, will be also "tax-exempt."

The Arizona public can look to the density of its population per square mile of its area, and it will find less than an average of three persons to each mile. It can look back to a period prior to that which had its inception in a desire for speed, and it can see the increase in taxes, the increase in bonded indebted-



ness, which has come about in response to such desire. The present public is confronting a situation in which nearly twenty-five per cent of public expenditures for all purposes, is expended for highways. Out of the 339,000 people of Arizona, upon whom the burden of these expenditures finally falls 134,000, are found in thirty-one towns and cities of the state. Outside of these towns, there are miles and miles of waste land traversed by highways which serve but a meager few of actual residents along these routes. The common interest which a majority of the residents of Arizona have in highways, is an interest in such connecting roads as will facilitate an intercommunication for purposes of business as between the populated centers of the state.

**Let the Public be Certain as to Real Profits From Present Bond Issue Investments Before Increasing Such Investments**

So it is that wisdom seems to dictate a looking over of the investments already made by taxpayers in public buildings, in highways, and other like investments, originally financed through public bond issues and look for profits as a result of such investments. It is true that the profits and losses therefrom will not appear in figures of dollars and cents. It is also true that those profits should appear in the way of increased development in private activities which are dependent upon better facilities for intercommunication. If an existing highway has caused an increase in the number of homes along its course. If it has been found to really lessen the expense of doing business, of carrying on the work of ranching, farming, or other similar private activity, to such an extent that the lessened expense has increased the results in profits accruing from operations so aided by better roads. If the population of the state has been increased, if the number of private activities, business enterprises, of any kind at all, and of all kinds whatever has shown an increase, and therewith has followed an increased prosperity among our people and the general public of Arizona, all of these are matters which enter directly into any question of real public profit due to better highways constructed through bond issues or through annual tax levies.

In short the benefits to the public from public investments in highways, in public buildings and public utilities such as water, lighting, sewer, and others are the profits to the public from such investments, in the event only that the

presence of those benefits has resulted in real progress, real development, and real prosperity of the community itself, and in the event only that such public investments have been necessary to and as a means to the end of further progress, further development, and increased general prosperity of that public.

**Let the Public Bide a Time When Wealth And Progress Resulting from Outstanding Bonds Have Developed Financial Strength for Carrying More Burdens of Public Bonds, Before Issuing More**

Always a public burden, always a continued drain of expense in taxes drawn from the individuals of any public affected by any bond issue, such issues seem to be unwarranted except as a means of lessening other expenses in the conduct of private affairs, or as a means of increasing the volume, the numbers, kinds, and classes of private enterprises and private activities in the aggregate called private business, and thereby building up the profits of business in general, building up small towns and cities to become larger towns and cities, and thus aiding in increasing the real wealth of the state, its cities and towns, and in the end distributing the cost of bond issues over a greater wealth, or among larger numbers of taxpayers who, through the aid of the public investments are better able to pay that cost.

The present question to be of whether the Arizona public has reaped profits from its investments made through bond issues to an extent that such investments have really paid the public in any of the ways as above indicated as to be considered profits from such investments. In answering that question, each individual member of the public may consider the answer from an individual view point.

But fairness in answering that question of actual results, requires a candid consideration as to what the actual results have been, not only from an individual point of view, but by extending that consideration to include benefits and profits to the whole public.

It may appear that it is too early to really judge as to the result of those investments as a means of hastening public progress in general. It may be true that the public has in fact been doing no more than experimenting to the extent of the authorized bond issues, as to the effect of the use of the money borrowed upon the prosperity, progress, and wealth-increasing results thereof. It may still be too early to judge as to the result of that experiment.

The taxpaying public, which is in fact the entire public do know what burdens have been assumed, and what efforts will be required to discharge that burden. Benefit or no benefit, profit or no profit, the public has become a borrower and must pay its debts. That result of bond issues is a continuing certainty. I there is still uncertainty as to a counterbalancing profit to the public. If the result of attempts to force public progress through public improvements made through the use of public credit involved in large bond issues, is still unsettled matter as to the real success of such efforts. Or even though there has been some real progress attained through past efforts as the results of public undertakings at the expense of bond issues, there is still the question of undertaking too much through presently overburdening the public. In fact there are so many "ifs" connecting with a showing of real benefit to the public as accruing from the use of bond funds in public investments, as to point out a course of conservative action, as against indiscriminate haste as related to the subject of any further bond issues.

The root which must support all public undertakings, is no more and no less than the ability of the present public to invest for progress of the public. Strain the root through an attempt at supporting too much of growth in the tree above, and there is no fruit. If there is a tendency to grow too fast, good gardening requires a trimming of the tops, that the root of supply be not exhausted. Let the root develop strength faster or at least as fast as that strength is required to support the tree, and the fruit of development will appear in time.

The public of Arizona desire to progress, but with that desire it should be remembered that the matter cannot be forced faster than the nature of things and conditions surrounding that public will actually control the speed of progress. Unlimited bond issues created as additional burdens upon the people, will not, standing alone, tend to increase the development of the state, the onward march towards development and progress for the public must first reach that point where tax burdens already created do not operate to retard rather than increase a forward movement, and reach that point where present tax burdens are no longer felt to be such burdens, before the time will be ripe to increase through further bond issues the present heavy public burdens of taxes and bond issues which now weigh down private activities.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME ELEVEN

PHOENIX, ARIZONA, JULY, 1924

NUMBER SEVEN

## DEVELOP ARIZONA FOR ARIZONANS

"I AM FOR ARIZONA" IS THE FAVORITE SLOGAN OF THE DAY. THAT SLOGAN ENCOMPASSES WITHIN ITS MEANING EVERYTHING THAT GOES TOWARDS PROGRESS, ADVANCEMENT AND DEVELOPMENT OF OUR GREAT STATE. A greater Arizona can arise from the deserts, can shine forth from mountain peaks, and exist in fact both for the present and continue for the future, when the stability of our industrial pursuits is assured to such an extent, that such an assurance becomes the magnet which draws people from other states to share in our prosperity, security, and real progress. If highways are built, those highways should be built when and where, their actual construction will aid and assist our people towards industrial success. Every other public undertaking should be for that underlying object and purpose. The policy of the state, which has controlled the subject has been that state funds when used for state highways should contemplate only highways for industrial development of the state. A system of such highways has been heretofore adopted. Public funds of the state, aided by appropriations from the United States, have been used, and are still being used, towards the completion of such an industrial system of highways. The time is fast approaching when the real benefit to the taxpaying public of Arizona, as recompensing industrial progress benefits from investments made in such system will appear or not. Until that system is completed that question of actual industrial profit through the construction of such highways, will remain in uncertainty and doubt. LET ARIZONA FINISH WHAT IT HAS UNDERTAKEN. LET IT BE TESTED WHETHER THE INVESTMENT OF MILLIONS OF DOLLARS IN WHAT WILL ACTUALLY BE INDUSTRIAL HIGHWAYS, IS TO BE A GOOD PUBLIC INVESTMENT. LET CERTAINTY APPEAR AFTER THE COMPLETION OF PRESENT HIGHWAY PLANS, BEFORE ARIZONA UNDERTAKES TO ASSUME A BOND BURDEN TO THE EXTENT OF \$3,500,000.00 FOR THE CONSTRUCTION OF A LINE OF HIGHWAY NEVER YET SERIOUSLY CONSIDERED IN CONNECTION WITH ANY INDUSTRIAL NEEDS OF THE STATE.

At all events, Arizona should meet the real requirements of Arizonans, before spending its credit for the benefit of its neighboring states, and catering to the touring convenience of tourists therefrom, or luxury loving Arizona tourists thereto.

BUILD UP ARIZONA FOR ARIZONANS, FOR THE WHOLE STATE, FOR ITS ENTIRE PEOPLE, AND THUS BRING ABOUT ITS DEVELOPMENT AS A STATE, AND ASSURE ITS GREATEST PROGRESS AND ADVANCEMENT.



## EDITORIAL COMMENT

### "Don't Swap Horses in the Middle of the Stream"<sup>59</sup>

When the state of Arizona first provided for a state road tax fund, as it did in 1913, the policy of the state as to future use of those funds was announced. That policy is announced in the words of paragraphs 5117 and 5118 of the Revised Statutes, which are:—

"All highways and parts of highways, and bridges which were heretofore constructed by the territory, or the state of Arizona, or which shall be hereafter constructed or improved under the provisions of this act shall be **state highways and bridges.**"

"All highways and bridges constructed, improved or maintained under the provisions of this act, shall be only for the industrial development of the state."

From which it appears that all state raised funds which have been raised under the provisions of the original highway act of Arizona, enacted by the first state legislature, have been so raised to be used in line with the above general provisions of state law. All highways as so constructed are consequently, "state highways", and assuming the various state officials have considered the purpose underlying all highway construction, as that purpose is announced as above, all such highways have been constructed, routes have been suggested, approved, and adopted for further highway construction, to the end of an "industrial development of the state."

The first legislature evidently had in mind that a means for intercommunication, and getting from one portion of the state to another, for necessary business purposes, through the construction of state highways with state funds, would be a means of bringing about that industrial development of the state. Certainly that first legislature could not look far enough ahead into the future to anticipate a parting of the ways, as between the real underlying ideas which the present public have in the purposes for which different factions thereof follow as reasons for promoting new highway routes. As a new state, the entire people were united in thought and efforts towards the industrial development of the state. The new thought of highways for any other purposes than connected with that development, has come about through the present day demands of portions of

the public for highways as a means of use for pleasure, and pleasure seekers. And today the Arizona public is confronted with proposals included in constitutional amendments to authorize a state bond issue of \$3,500,000.00 to provide funds for a special route from Phoenix to Los Angeles, via Ehrenburg at the Colorado river, and which if adopted by the people at the coming November election, would add that debt to the whole state of Arizona, and would in fact overburden the public in its efforts to slowly and surely construct such industrial highways within the state as would tend to actual industrial progress of the state, by departing from the old policy of the state, in vogue, since statehood, and plunging into the construction of a highway which would cross nearly one hundred and twenty-five miles of desert waste, and do so that the demands of tourists and pleasure seekers may satisfy their desires for a short route to Los Angeles, and with any "industrial development" to the state of Arizona from such a burden, a purely speculative and negligible quantity as a reason for such a construction at the present time.

**No time to depart from policy and plans as to real, "industrial highways" to make room for highways of "speculation" or pleasure**

This Magazine does not believe the public is really ready to indulge the desires of the real promoters of the above proposal. It does not believe that the present public is ready to depart from what has been done in the past towards the final completion of a highway system which will serve the people of Arizona for Arizona, and which will facilitate the actual needs of people who are Arizonans, by jumping at conclusions, or speculating as to possible benefits to be derived from a present construction of a highway which has not been included within the system of state highways as already adopted as being in line with an industrial development of the state, required by the citizens of Arizona to meet present needs of those citizens, and speculate to the extent of an investment of \$3,500,000.00 in a highway the principal present use of which would be for tourists, transients, and vacationists from our state to California.

The taxpayers of Arizona are a present quantity in Arizona. Their property is here for taxation necessary to meet all public undertakings, those taxpayers must foot the bills for highway construction and highway maintenance, regardless of whether a benefit is derived therefrom or not. **The industrial operations**, which include every business activity, the activities of every laborer and employer of labor, the activities of retailers and wholesalers, of the rancher, the dairyman, the cattleman, the sheepman, and includes, all occupations, trades, and professions, existing and carried on within Arizona, must eventually carry the burden and pay out every dollar of state and county bonds issued for highway and bridge purposes. The question of such an ultimate payment by the tax-paying public of the cost of all public highways of the state, is a settled question once the money is expended and the highway constructed. That construction of any highway at all through the use of public funds raised through bond issues, saddles upon the taxpaying public the annual interest to become due upon such bonds, the annual amounts to be raised to finally apply upon the principal amount of those bonds, and the duty of the public to properly maintain the highways so constructed, that the original investment may not be entirely lost before the bonds have been paid for. This side of the question is certain. **As an investment, the figures of actual cost, of necessary tax and other burdens to the public are known. The real question is then what benefits are derived by the public from that investment.**

If the Arizona public is to build public highways for industrial advancement of the state, that public should have the desired result of that industrial progress, as a result from each and every highway constructed, and can illy afford to attempt the construction of any newly proposed highway route such as the "Ehrenburg" route, as to which no industrial call for such a highway exists.

**Progress for Arizona will come through producing conditions connected with industrial activities here which will irresistibly draw new comers**

This Magazine believes that greater industrial progress can be realized for the

people of Arizona, through continued efforts to build up the state within the state itself, than through fishing efforts to attract a possible overflow from neighboring states. People will come where there is prosperity and evidences that such prosperity will continue. If the future increase in population of Arizona depends upon "baiting our hook" and fishing for that increase, the best place to use bait, and the best bait, will be right in Arizona. Just as soon as people outside our state look at the opportunities for their individual profit now present in this state, and see in connection with those opportunities a determined effort on the part of our people to actually construct necessary highways to further the requirements of present activities in individual lines, which are also such highways as will remain and be maintained as future factors in more and more progress. And just as soon as people now outside the state can look into conditions of the state, and see evidences of such economy in the matter of public expenditures including expenditures for highways, as will convince those outsiders that the controlling majority of the people of Arizona are really for conservatism in the use of public money and in the use of public credit. Or more to the point, when our people have solved the question of actually reducing the tax burdens of the state to a point where the opportunities for profit in the state are so convincingly present, that tax burdens will not appear prohibitive, then there will be no need for any more inducements to the overflow population from other states, of persons who are really looking for homes and for permanent locations in which to apply themselves to their business or other vocations, whatever those may be. Arizona can not afford to speculate to the extent of millions of dollars of bonded indebtedness, when the benefits to the industrial progress of Arizona from such a speculation, will depend upon transient tourists from without, and satisfied pleasure seekers of the state looking to pleasures elsewhere than in the state. Not that Arizona will not at all times and under all circumstances extend a hand of welcome to all strangers within our borders. They are always welcome and always will be welcome. But real industrial progress for Arizona means something that will be permanent and lasting. The persons who come to Arizona to stay are the ones who will finally contribute their presence and their industries to the desired growth and permanency of progress for Arizona.

The persons who will come to Arizona with an intention of staying here, are the persons who will not be deceived by surface indications of luxury and

wealth. They will be persons, who in the future will become taxpayers and subject to the burdens of taxes made necessary through present bond issues. They will be the persons who, when their attention is called to miles of highways, will ask the controlling question, "HAVE THEY BEEN PAID FOR?" And with excessive bond issues outstanding, will reflect upon and consider in connection with a possible investment in Arizona, the fact, that if they do invest, then by so doing that investment must at once be subject to its share of the public indebtedness of their chosen locality in the state. As transients in Arizona those same persons might be pleased with their temporary sojourn within our borders. But eyes which are looking for permanent locations seek under the surface, and consider all sides of the real situation. Arizona should attempt to so arrange those conditions which exist beneath the surface, as to make them irresistibly attractive to new comers. High taxes, and, heavy and constantly increasing bond issue burdens as conditions in Arizona, are not alluring to newcomers. Those conditions may become the very conditions found in Arizona which will deter prospective newcomers from becoming permanent citizens of our state.

Very recently through favorable legislation by Congress many thousands of acres of land within the San Carlos project will become irrigable lands which alone should attract many new-coming intended home-builders to Arizona. They should be given a chance to work from the conditions produced by nature itself and make every acre under that project productive, and thus finally increase the material wealth of Arizona. That chance will be hampered, if our present public in anticipation of the future values of this and similar other projects, immediately increase public taxes, and public bond issues, and thus at once increase the tax burdens of such new home-builders.

Arizona should be for Arizonans. Its permanent progress must come through action consistent with that slogan. Build highways for the present needs of Arizonans, and refuse to be drawn away from a fixed purpose so to do through the alluring statements of possible benefits of a fast, short, and smooth route trans-state to the Pacific Ocean.

**Continue the existing policy for highway building and complete highway plans adopted pursuant thereto with no side issues**

For thirteen years, the state highways have been constructed in line with a certain policy. During that period Congress

has granted federal aid funds to be used in the construction of certain routes of highways now fully determined upon as between state and federal officers. For several years the construction of portions of those approved routes has gone along according to that adopted system. The **Phoenix-Ehrenburg to California route is not included in that system.** As said in the title, it is a poor time to change horses in the middle of the stream. So unless the Arizona public feels that it can assume the burden of an extra \$3,500,000.00 of bonds for this new idea of a highway, and at the same time tax itself enough to complete the presently adopted and approved "seven per cent" system of highways already under way, it would be so "changing horses." Or the public would be doing the same thing, if for the purpose of something new, it halted the work upon the old, before that old construction has been completed according to plans and past efforts.

Let's finish up what has been already planned, and partially finished. When the state funds of Arizona have been sufficient in amount to match federal aid apportionments for highways in Arizona, to finish up the system of highways already under construction, and which is a system that includes cross the state routes which meet the present requirements for highways of business and thus become "industrial highways" true to the present policy in that regard. When that is done, the travelling public will have available to it, good highways within the state, over which it may travel between the important town, cities, and business centers of the state, and at the same time find an outlet from the state into California, as a part of that finished system.

Let the taxpaying public get together, stay together, and within the limits of the financial ability of that public, pay for the completion of what has been started as a highway system for that public. Be like postage stamps. Stick to one thing until it gets to the planned destination. If the public permits itself to become sidetracked with new road-building schemes, the main purpose of highway building, which is, to build highways necessary for business and industrial purposes, may be defeated and thrown away, and Arizona may be left with a patchwork of partly completed, poorly maintained, and so practically useless highways, for the reason that its public may finally see that it cannot afford to assume and carry the burden of constructing all highways which may be desired, both for business purposes and for pleasure seekers, all at the same time.



## A Statement Showing the Tax Situation in the Counties of Greenlee and Yuma Since Statehood

Carrying out the plan of bringing before our readers in the different counties tax figures which show the change and increase in taxes of their county since statehood, bringing out the figures of two counties at a time, selecting those counties in the order produced by aggregate assessed valuations of the taxable property in each, there appears below statements of the taxes levied in Greenlee and Yuma counties since statehood. These statements show the different amounts levied for state taxes, for general county purposes, for special district levies, and also show the amounts

of taxes levied for city and town purposes of the towns located in each county.

Without going into details as to why, and for what purposes the whole list of years commencing with 1913, and ending with 1923, shows large increases in the aggregate tax burdens of each county. The largest proportions of such increases, appear in connection with figures under the headings of, "special district taxes", "city and town taxes" with substantial increases year after year under the other headings. Attention is again called to the fact, that a large a-

mount of the increased aggregate of taxes in each county of the state, has been brought about in connection with the local affairs of those counties, and in connection with the municipal activities, undertakings and operations of the towns and cities located in the respective counties of the state.

The point which comes out in connection with the above facts, is that tax reduction must commence "at home", that the people of each town and each city either make their increased tax burdens, through active demands for increased operations requiring tax funds,

### GREENLEE COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 to 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 169,100.21	\$189,597.20	\$ 30,973.54	\$11,724.23	\$401,395.18
1914	137,609.24	218,010.15	41,715.83	18,433.59	415,768.81
1915	151,551.35	176,809.91	43,926.15	24,000.00	396,287.41
1916	127,713.51	191,570.27	39,873.73	29,390.00	388,547.51
1917	220,783.02	224,909.81	72,655.23	49,789.23	568,137.29
1918	173,332.94	271,094.86	68,472.34	48,975.80	561,865.94
1919	263,679.22	351,572.30	105,914.19	72,006.76	793,172.47
1920	199,347.90	404,990.99	132,875.88	75,803.69	813,018.46
1921	259,170.08	365,678.33	106,372.08	81,258.06	812,478.55
1922	127,046.40	246,619.48	92,447.52	68,799.72	534,913.12
1923	145,968.35	288,128.83	122,582.00	69,692.99	626,372.17

### YUMA COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 to 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 65,488.50	\$130,315.50	\$ 19,705.52	\$ 10,500.00	\$226,009.52
1914	61,259.31	122,518.62	28,929.09	20,880.00	233,587.02
1915	77,100.89	186,612.70	29,889.16	21,657.60	315,260.35
1916	57,945.45	198,752.87	29,893.09	29,209.47	315,800.88
1917	89,402.30	202,032.48	33,465.15	31,390.00	356,289.93
1918	70,686.53	211,697.09	43,951.41	38,168.62	364,503.65
1919	119,283.16	243,536.45	88,151.75	45,937.06	496,908.42
1920	108,951.68	258,685.70	122,048.17	69,784.32	559,469.87
1921	161,744.69	354,508.91	115,592.00	78,627.05	710,472.65
1922	107,423.10	442,540.57	147,525.00	82,910.70	780,404.37
1923	122,967.02	379,593.83	144,557.00	83,001.52	730,119.37

or through inaction and indifference as to what those municipal purposes may be, and permit mere minorities to control and create reasons for the use of public funds, which bring about such increases. Similar reasons and similar conditions exist in connection with county finances. Bond issues are voted, improvements are promoted and funds voted, and very few of the real taxpayers in the counties take any interest in such issues which when put through increase the taxes of every citizen, and after it is all over, find that they have "slept on their rights" by not actively opposing propositions involving an increased expenditure of public money, and which, when the results appear upon their individual tax bills, then for the first time come to their attention as being in the aggregate for all purposes, and in total aggregate of authorized public expenditure, greater than such taxpayers are willing to pay. More perhaps than they can actually afford to pay.

Thus the issue of increased taxation comes home to many taxpayers after that issue is in fact closed. Too late then for any remonstrance at the results. Good business men, whether operating a store, a shop, ranch, farm, or whether upon salary or wages, do watch their private expenses. If at the end of the year, their individual activities for that year show any surplus over and above what it has cost to operate their business, or cost them to live and support their families, that surplus remains for reason of the fact that the expenditures from the particular business of each, has been watched item by item,

day by day, and thus a balance remains as profits or savings.

If every person would take home with him the fact that the average per capita tax of every citizen of the United States is nearly seventy dollars per annum. If each citizen, when he gathers around the family table at night with his wife and family would remember the fact that as the supporter of himself and that family, he is burdened with an annual burden to be directly or indirectly contributed by him for the support of all government, which burden equals seventy dollars multiplied by the number of his family including himself. If in the generally accepted average used to compute the population of the country, each family averages four and one-half persons, then the average burden of taxes for each family runs to four and one-half times seventy dollars, or to the amount of three hundred and fifteen dollars per annum, more than a dollar per day for every possible working day of the year, excluding Sundays but including legal holidays as working days. When each citizen realizes the actual burden which is directly or indirectly borne by him to meet his share of the cost of conducting the public affairs of his country, his state his county, his city or town, and his school district, then it behooves him to become a business man in connection with those matters which enter into the aggregate of public burdens of which that person must pay his or her part. As such a business man, or business woman, it is of vital importance that the items, the purposes, and the amounts proposed in the way of public expenditures, be watched carefully, that the ag-

gregate as finally determined, is not such an aggregate as to become more than one to which each individual of the public can willingly, and without strain, contribute an individual portion.

So it is emphasized. Each citizen of each locality, school district, town or city, county, and of the state, can watch out for their own interests. Collectively such citizens can control the results. If the real majority of the people desire a reduction in the cost of local government that real majority have only to speak their will. That real majority can act in the same manner as to public affairs involving public expenditures, as they would act in private affairs involving their private expenditures. That real majority have it within their power to say "no" to proposed projects, which to them appear beyond the present needs or beyond what can be presently afforded, and by so doing stop an increased tax aggregate.

If the public desire public economy, then let every member of the public act to that desired end, and keep everlastingly at it, until that end is reached. Let the public come to know where their local taxes go, and then call a halt, when it is discovered that public money is being expended for purposes which that public as taxpayers do not really approve. The hardest part of the problem, is for taxpayers, the whole public, to arouse themselves from a lethargy of inaction as to what is really being done with their tax money. Once aroused to the extent of an active concern therein, the remainder of the way towards economy, will be easy going.

## *Numerous Small Expenditures Make up Large Aggregates of All Public Expenditures*

"Watch the pennies and the dollars will take care of themselves," the quotation may not be entirely accurate, but the thought is there notwithstanding. Public economists intent upon reducing the aggregate of public expenditures, and thus reducing the high rates of taxes, and large increases in totals of tax money required to be raised for all public purposes, can well apply that thought to every proposed public expenditure. Public officials, state, county, city, school district, and all others, who have a control of appropriations and who finally direct the actual expenditure of such appropriations, can at all times keep in mind the quotation above refer-

red to, and produce results in economy.

In the existing condition of public affairs, it may not be possible to begin cutting out this, that or the other, of what are now considered public purposes, as a means of reducing public expenses. It is always possible to watch the particular items which go to make up the aggregate of funds used for each and every present public purpose, thus watch the "pennies", and finally save the dollars.

For several months the Magazine has been calling attention to the fact that "economy can begin at home", and has pointed out the fact that the people of each locality, local boards, and local

officers, are, or may be, directly in touch with how the public money of that locality is being used, and are consequently in a position to reduce expenditures for purposes which are not really public purposes, and for purposes not necessary to the public requirements. It is a pleasure to state that this idea is taking root. Just how many public officers are quietly considering that idea, cannot be told. It is believed that many such officers are really in earnest when they announce themselves in favor of economy, and need only some suggestions as to methods, to assist them in doing so. The resources of the Magazine are limited, it cannot maintain a constant guard over each



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JULY, 1924 50 Cents

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and every expenditure of public money in the state, to do so would require an unceasing examination of the expenditures of over four hundred and eighty school districts, of each of the offices of fourteen counties, and of each of the incorporated town and cities of the state. The Magazine can keep its ear to the ground, and does learn practices which are not strictly authorized, but which do make drains upon the various public treasuries of the state, and does direct its efforts against such practices. The Magazine will continue to encourage suggestions from any source, which embody an honest purpose towards saving the taxpayers' money in any locality, so when it receives communications which have that purpose in view, it will endeavor to give such space thereto as it can do within the limits of its pages.

So it is with pleasure that our readers are herewith given portions of a letter received from County Attorney of Graham County, the suggestions in which speak for themselves, as follows:—

"I believe I am in a position to offer a few suggestions that will serve as a basis for investigation. At this time my attention was called to an expenditure

being made by the County for legal blanks, consisting of civil, criminal and probate forms. Among the civil blanks I found civil complaints, cost bonds, affidavits for attachment, affidavits on garnishment, affidavits in replevy, and too many others to mention here, and not one that was needed or ever used by the state or county. The same condition was found to exist with the criminal and probate forms, totaling in all, however, approximately 126 blank forms that were never in the history of the state, and never will be used by the County or State. These blank forms cost the taxpayers of this County from five to twelve and a half cents each. This looks small but I have data before me that says that Graham County has paid out the sum of \$2,200.00 for these blanks that are of no earthly value whatever to anyone except an attorney who practices in the Arizona courts. There is not an elected officer in the State of Arizona, and I cannot recall at this time an appointive one, whose duties are not clearly defined by statute. This is equally true as to county charges. There are two necessary requisites to a demand against the County before it can be allowed by the Board of Supervisors. First, it must be legal—authorized by law. Second, the services rendered or the commodity furnished must have been necessary. The demand for the refund of taxes is an exception. There may be differences of opinion as to what is and what is not necessary, but these differences of opinion are, or at least could be, harmonized by a proper application of requisite Number one. The County Attorney, by statute, is the legal advisor of all other county officers. He is the man to say whether the claim against the county is legal or illegal. This is by no means the duty of the Board of Supervisors, therefore, before a demand against the county is allowed

by the Board of Supervisors they should require that its legality be passed as good by the County Attorney. I have had occasion to talk with the members of the Board from other counties and they tell me that the County Attorney of their county refuses to examine claims before allowance."

Continuing the County Attorney of Graham County says:

"The following is a list of claims that are being paid by at least some of the counties, which are entirely illegal and do not find sanction of law in any manner:

1. Meals and lodging for jurors in civil cases.
  2. Mileage charged by officers in service of criminal process. (Constable and special deputies.)
  3. Telephone and tolls.
  4. Expenses of Recorders, County Attorneys, School Superintendents, Clerks of the Boards of Supervisors, Court Clerks, Sheriffs, County Assessors, and County Treasurers in attending conventions called by these various officers without authority of law.
  5. Commissions paid for collecting taxes, principally road and poll tax.
  6. Printing Criminal, civil and probate blanks not used by County or State.
  7. Salaries paid special deputies employed without the sanction and approval of the Board of Supervisors.
  8. Post Office Box Rent.
  9. Pullman car charges.
  10. Automobile hire. (Exceptions.)
  11. Newspaper subscriptions.
  12. Notices in newspapers. (Exceptions.)
  13. Subscriptions to magazines, periodicals, gazetteers, blue books, etc.
- There are numerous others that I could mention but the above will be sufficient for the present."

## Can Arizona Afford a \$3,500,000.00 Road Bond Issue For Prospective Tourists Benefit

Public bond issues are business propositions. The ordinary requirements for public improvements which will keep pace with the increased requirements of the people of a state or community have been met through amounts raised by annual taxation. If the demands of the public, warranted and based upon the actual necessities of that public for increased mileage of highways, those demands have, in the many years passed, been complied with when the public could afford to do so out of annual tax burdens. The history of highway building when highways were constructed at all, shows

that trading centers have become like the hub of a wheel, the spokes leading thereto and therefrom have been put in place and from time to time lengthened according to the increased population, homes, farms, ranches, and other developments in the district, outlying that hub. This policy in highway construction has placed the real, demanding necessity, as a present condition, to precede an extension of highways to be constructed at public expense. Unfolding the reasons of such a policy it is found that one of such reasons has been that with increased development of a community

surrounding some trading center, the taxable wealth of that community actually increased in proportion to the increase in amounts of taxes required to construct those roads. Under that policy, the authorities in charge of the matter of what should be expended, and for what, applied to public money, from year to year attempted to raise only such aggregates in taxes as would keep the tax rate per hundred of assessed valuations of taxable property, at approximately the same aggregate rate one year after another. It is due to this policy exercised in the past, that the people have formed a habit of comparing tax rates of one year with the rates of another year, in an effort to determine whether taxes are really high or low in any year.

That old policy, carried out year after year, did in fact develop interurban highways as fast as there were actual necessity therefore, and did so without pledging public credit in bond issues at all.

The matter of bond issues for highway construction is an idea which has come into the public mind only since the demand for "speed" produced through the use of automobiles, and that idea of public bond issues for highway purposes has developed side by side with the development of the use of automobiles, to such an extent that one of the principal burdens connected with any single public purpose, is the burden imposed through bond issues, taxes necessary for interest upon such bonds, taxes necessary for refunding and payment of principal of such bonds, and last but not least, taxes necessary for the maintenance of highways actually constructed through bond issues. In brief, taxes equal to five per cent or possibly six per cent per annum computed upon the principal of each bond issue, a like amount of taxes each year to provide for refunding such bonds at maturity, and from ten to fifteen per cent per annum for a maintenance of the highways. The old policy of building highways as the actual development of a state, county, or community required such highways has been changed into a policy of constructing highways through bond issues, leaving the question of any actual development of the community adjacent to the highways, a matter to be anticipated only. The old policy made it necessary to demonstrate the real need of a new extension of highway, with that demonstration consisting of an actual and existing portion of citizens of the community to be served. The new policy that of bonding for new highways, speculates more or less, as to the question of whether or not a real increase in development will follow the advent of bond-built highways.

After being once defeated at the polls, the question of a state bond issue to construct a paved highway from the Hassayampa River in Maricopa county to the Colorado River at Ehrenburg, to meet California half way with a river bridge, and thence connect up to a short route to Los Angeles, and which provides for \$200,000.00 for the bridge, and the sum of \$3,300,000.00 for the Arizona portion of the highway, is again before the public. It will be noted that two years ago, the same promoters of the same highway, made no provision in the proposed bond issue for any Colorado river bridge. They then asked the voters to authorize \$2,500,000.00 for the highway to the river. They now ask \$800,000.00 more than that amount for the same highway. Altogether they ask for \$3,500,000.00 for the purpose, and ask the voters of the whole state to bond the state for the latter amount to build the highway.

**No certainty as to real cost of the proposed highway nor anything but speculation as to possible Arizona benefits therefrom**

Two years ago it was urged that no real figures of cost of the undertaking had been prepared. That the amount of \$2,500,000.00 as then requested of the voters, was a speculative amount, not backed by any certainty that it would be sufficient. They are now asking for an additional million of dollars, and real figures of cost are still lacking. Certainly if the promoters of the scheme are no more certain as to benefits to be derived from the highway, than they appear to be as to the cost of the highway, their judgement as to what those benefits are or may be, is not to be relied upon, and will not be taken for granted by the conservative voters.

If we are to assume that a paved highway from Phoenix to Ehrenburg is such a real public necessity, then the question of what benefit will come to the state from its construction. Will the whole public of the state be reimbursed to an amount of at least \$400,000.00 per year through that highway. Will the final development of the state, so increase in actual increased population, actual property owners and taxpayers, that from such an increase, the present burden of present taxpayers will not be increased, for reason of being borne from that actual development due to this proposed highway. The promoters of the highway say yes. But, before accepting their say so, it is pertinent to have answered some questions as to how they arrive at their answer. The taxburdens of at least \$400,000.00 per year will be actual burdens if the \$3,500,000.00 of bonds are voted and the highway constructed, for interest, redemption and maintenance. The

public benefits to be anticipated from such a venture in bonds should at least have some apparent certainty of equalling this annual burden. Yet those benefits are admittedly of a purely speculative nature. The whole public of Arizona are interested in knowing the claims of the promoters as to what will be the character of benefits to equal the annual \$400,000.00 of tax burdens to be imposed upon that public. The paramount reason to hope for benefit in return for a \$3,500,000.00 investment as announced by the promoters is:-

"Arizona's greatest needs are population and capital for development. Southern California is today the greatest reservoir of prospective citizens and investment capital that Arizona can possibly hope to tap. With a paved road from Los Angeles to Phoenix there is every reason to believe that this state will become the mecca for thousands and thousands of visitors and winter residents who, under present conditions hurry across Arizona bent only on getting somewhere else."

If there were more certain reasons, undoubtedly after two years of thought, the promoters would bring them forward. They have not done so, and it is fair to assume that no other reasons exist.

It is admitted that the highway cannot be completed, except with a future co-operation by the California authorities, which include a California appropriation for its one-half of the bridge, and must include a California appropriation for a highway from the river to connect with its present paved highway system.

These appropriations have not yet been made. The people of California are good neighbors, but as such neighbors, and particularly the people of Los Angeles, have been using every effort possible to induce tourists into their territory. If the benefits to be derived in Arizona are to come from "tapping the Los Angeles reservoir of prospective citizens and investors", undoubtedly the people of Los Angeles are fully awake as to that possibility. Certainly the people of our neighboring state are not willing to assist Arizona in gathering the golden eggs which the geese have for years laid in California nests. They are not going to assist Arizona in its effort to take away part of the flock itself, which lay such eggs. The People of Arizona are new at the game. The people of Los Angeles and California have played the game for over half a century. They are not going to misplay now to the advantage of Arizona.

The taxpayers of Arizona cannot afford to pay the required cost—\$3,500,000.00 of competitive advertising and for no hope of profit other than such as may be reaped from a transient trade and tourists en route through Arizona.



## What Others Say About The Necessity for United Action of the People Toward Economy

There are among the thinking men of the country those who delve into the underlying reasons as to why such a situation as that of an existing general desire for economy with a constantly increased budget of public expenditures continues to exist, the result of their efforts brings to light the facts. Those facts lead back along the line to the real sources and causes for increased public expenditures. Those facts disclose the truth to be that legislatures, and administrative officers, do not control that situation. Thus it would seem to be true that real and effective economy must start with the people.

It is hard to face the public and tell that public their own faults. Yet this is just what many of our prominent citizens, students of public economy, are fearlessly doing. Among such students is the Hon. L. M. Livengood, of the Taxpayers' Economy League of Spokane, who announced his position and views quite fearlessly in a recent article contributed to the Bulletin of the National Tax Association, from which the Magazine presents its readers extracts as follows:

"Taxation in the abstract is as great a soporific as the proverbial sermon. But taxation in the concrete is one of the greatest irritants known to man. It has caused revolutions and the downfall of nations.

We are gathered here today to discuss ways and means of developing our state and bringing back prosperity. We have told ourselves about our wonderful natural resources and the great opportunities for industries in this state, but since we cannot lift ourselves by our bootstraps the burden of any program of state development and prosperity will consist largely of how to get new people and wealth to come into this state and help develop these resources and industries. All the natural resources in the world are of no avail until there are people and money to develop them. But the flow of people and capital is toward the spot where the expenditure of effort or the investment money will yield the greatest profit. Therefore, before we start selling our state to the world it behooves us to stop and take stock of ourselves to see whether we have created conditions in this state which are making more and more impossible the earning of a suf-

ficient profit for endeavor to induce the entrance of these much needed settlers and more needed capital.

We can argue till the millennium over the relative merits of sales taxes and income taxes and other forms of taxation but when we can get the taxpayer, direct and indirect, to regulate his demands on government in accordance with the principle that we are not entitled to any more government service than we can afford, we will have solved the most difficult part of the tax problem. Why government costs so much is a subject that leads us into the very habits of thought of the people themselves.

We can state categorically at the outset that at least 75% of the high cost of government can be laid at the door of the taxpayers himself. By taxpayers I mean not only the property taxpayer but the one who pays his taxes in the cost of living. It is this very indirect taxpayer, who, thinking that he does not pay taxes, has been so eager to vote taxes on property. But he is not escaping by any means. If anyone will take the trouble to investigate the percentage of the final sale price of commodities which represents the taxes paid by the manufacturer, the jobber, and the retailer combined, he will find, what we all know, that a great many taxes are passed on to the ultimate consumer. If the landlord could not pass his taxes on in the rent he would soon be bankrupt, for taxes are a part of the cost of doing business. Similarity of other things we consume, services and commodities. Therefore we face the difficult but necessary task of lining up the indirect taxpayers on the side of the direct taxpayers in our attack on wasteful and unnecessary public expenditures, for their interests are in common.

The other 25% of the high cost of government can be laid to the public officials, to the inefficiency of public employees, to the archaic statutes under which public business is transacted, to forms of local government that have not kept pace with the economic growth of the people, all of which can be summarized in one sentence—the lack of a centralized business administration of our government. Who are responsible for voting bond issues to the limit, to be paid by their children and saddling the present generation with enormous in-

terest charges? Who are responsible for demanding roads that have no connection with other roads or relation to a definite plan? Who have voted thousands of dollars out of pure sentiment for roads to give soldiers work upon which scarcely a soldier ever worked? Who have built school buildings and other public buildings far ahead of the demands of the immediate future? Who throng the halls of the legislature demanding appropriations for the hobbies of their localities? Who are constantly demanding a thousand and one things of the public officials without any consideration of the ability of the people to pay for them? Answer—the taxpayers themselves. Therefore, the greatest task before us in tax reduction is to make the taxpayer himself understand the effect of his own actions on the total tax burden.

But the taxpayer says he is busy, that tax matters are too intricate for him to understand and that he cannot do anything anyway because the officials will not pay any attention to his complaint. The answer is that most of the results that have been accomplished in this age have come through organization and that organization is necessary where masses of people are involved. The taxpayer must organize to make himself effective and to give expression to his power and ideas. But some will say that they have seen tax league after tax league come and go with only temporary results. The answer to that is that most of these leagues were class organizations representing off-times the selfish interests of a particular class of citizens. The tax problem is the problem of the lowliest home-owner as much as it is of the great manufacturer, and since the great mass of small taxpayers do the voting, no tax organization program will be successful for long without working in the interests of and supported by the great mass of taxpayers.

The greatest field for the tax organization is the education of the taxpayer himself. Only through organized effort can the intricacies of governmental operations and expenditures be analyzed and made understandable to the man who has little time for reading except his newspaper yet who must vote on these matters."

1c. Paid

Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME ELEVEN

PHOENIX, ARIZONA, AUGUST, 1924

NUMBER EIGHT

## TOTAL VALUATIONS OF ALL COUNTIES OF ARIZONA FOR THE YEAR 1924 AND PERCENTAGE OF TOTAL STATE VALUATION

County	Assessed Valuation	Percentage of Total State Valuation
APACHE .....	\$9,161,914.00	1.41%
NAVAJO .....	\$11,649,684.00	1.79%
SANTA CRUZ .....	\$12,183,001.00	1.88%
GRAHAM .....	\$12,354,841.00	1.90%
MOHAVE .....	\$16,170,701.00	2.49%
COCONINO .....	\$20,577,944.00	3.17%
GREENLEE .....	\$20,751,603.00	3.19%
YUMA .....	\$21,592,330.00	3.32%
PINAL .....	\$45,775,176.00	7.04%
PIMA .....	\$59,235,130.00	9.12%
YAVAPAI .....	\$91,644,836.00	14.10%
GILA .....	\$100,575,731.00	15.48%
COCHISE .....	\$113,212,709.00	17.42%
MARICOPA .....	\$124,993,709.00	17.69%
	<b>\$ 649,879,308.00</b>	<b>100.00%</b>

The foregoing table shows not only the assessed valuations of taxable property in each county in the state, but shows also the percentage proportion which the taxable property in each county bears to the total state valuation, a percentage which also shows the proportion of state taxes which each county will pay into the state treasury on account of state tax rate levy for the year 1924.



## EDITORIAL COMMENT

### STATE BOND ISSUE PROPOSED TO AMOUNT OF \$3,500,000.00

That our readers may be fully informed as to the issue which will be balloted in November, the essential provisions of a proposed constitutional amendment is given as follows—

"In addition to all other state debts three million five hundred thousand of bonds of the state of Arizona shall be issued and sold and the proceeds thereof placed in the State Road Fund and used by the State Engineer, under the direction of the Board of Directors of State Institutions, for the purpose of surveying, locating, constructing and paving a permanent hard surface state highway from the bridge over the Hassayampa River in Township 1 South, Range 5 West of the Gila and Salt River Base and Meridian by the shortest feasible route to a point on the Colorado River at, or near, Ehrenburg, to be chosen as a bridge site by the Highway Departments of California and Arizona to connect said state highway with the causeway leading towards Blythe, California; provided, that in connection with said state highway, the state of Arizona shall join in the construction of a highway bridge across the Colorado River at said bridge site, contributing out of aforesaid funds one-third the cost of said bridge, but in no event more than two hundred thousand dollars. The bridge to be built under such direction and in such manner as may be agreed upon between the State Engineer and the other parties contributing to the cost thereof. (Provides for hard surfaced road six inches thick and eighteen feet wide, the entire distance.) Immediately after the first day of January, 1925, the Loan Commissioners of the State of Arizona and the State Treasurer shall proceed to issue and sell negotiable coupon bonds of the state of Arizona in the amount of three million five hundred thousand dollars for the purpose of providing funds for the construction of said state highway and bridge. Should the funds herein provided be not exhausted by the construction of said state highway by reason of Federal aid used thereon, the funds not so used shall be used for the paving or hardsurfacing of such highways within the state as shall have become commercial highways and as in the opinion of the State High-

way Department shall most need such paving or hard surfacing."

A proposition like the above demands the closest scrutiny and most careful consideration by the voters. The proposition involves a constitutional amendment. If defects and uncertainty arise as to the meaning of its terms and provisions, there is no power for correction except through another vote of the entire people. There are some questions to be asked and answered in connection with the provisions of the proposed amendment. Among them are the following:—

**What assurance has the state of Arizona that California will join in paying two-thirds of the cost of a bridge over the Colorado River?**

**What assurance has the state of Arizona that California will pave "the causeway to Blythe," from the Colorado River?**

Unless the California funds are raised for both purposes included in above questions, the proposed highway would dump its travellers in the sands upon the east bank of the Colorado, and defeat any possible purpose for such a highway.

There may be talk in some quarters of California, that the funds will be forthcoming. But talk is not authentic, cannot be safely acted upon, except it voices the contents of legislative action, or other official action, actually appropriating funds. Up to date, no such official action has been taken. Up to date neither the proposed Colorado bridge, nor the pavement therefrom toward Blythe, California, is included in the highway construction plans adopted for California.

Another question: How much of the proposed \$3,500,000.00 will actually be needed for the proposed highway?

The distance to be covered by such highway is about one hundred and five miles. Will it cost \$35,000.00 per mile to build the proposed highway? Will it cost \$33,000.00 per mile? Why have the promoters of the bond issue sought to provide a fund so much in excess per mile of cost, of the actual cost in construction of other paved highways in Maricopa County. Yet at war time prices the first highway bond issue in Maricopa County showed a mileage cost, according

to reports of the highway commission of that county, of between \$28,000.00 and \$29,000.00 per mile and the mileage cost of roads constructed under the second bond issue in that county cost less than \$25,000.00 per mile. Are the people of Arizona so flush with funds for highway construction, so eager to have the proposed highway put through, as to assume a "cost what it may," attitude, and vote bonds accordingly.

The proposed measure admits that no survey has been made, no tentative line for the proposed highway determined. These are matters to be determined after the bond issue is authorized. The determination of such matters takes time. Yet with those controlling factors as to possible cost of the highway, and with the uncertainty as to any co-operation on the part of California authorities in the matter of the bridge over the Colorado river, and paving beyond into the present paved system in California, the proposed measure requires the loan commission, **"IMMEDIATELY after the FIRST OF JANUARY, 1925, to proceed to issue and sell negotiable bonds of the State of Arizona in the amount of Three Million Five Hundred Thousand Dollars, (\$3,500,000.00)." "These bonds shall be issued and sold, and the proceeds thereof placed in the State Road Fund."** Usually in laws authorizing public bond issues, the provisions are for a sale in amounts, as and when needed, for the purposes of a bond issue. The only certainty in the provisions of the presently proposed bond amendment, is that the full amount of the authorized issue shall be sold, and the money placed in the state treasury. As a necessary result therefrom, the interest upon that entire issue will commence to run immediately after January first, 1925. The people of the state will thus be called upon to pay interest long before the line of a highway has been determined, longer in advance of any need for funds in payment of construction, and still longer before any bridge building plan is agreed to between Arizona and California.

Why is there no survey, no line of highway at all, from the Hassayampa River bridge to Ehrenburg? Simply because there has been no occasion for the

people of Arizona to even trail over such a route. The region through which it passes has in the main never received even a government survey, and is a region looked upon as devoid of future possibilities for development. It is strange that with a total mileage of over twenty thousand miles of highways in Arizona, good, bad, and indifferent as to condition of passability, the line proposed for a \$3,500,000.00 bond issue has never been deemed a necessity for any purpose of travel. It is not within the entire highway system of the state. It is no part of the "seven per cent system" of highways to receive Federal Aid. The proposed highway is not presently needed for any commercial or industrial purpose connected with Arizona.

Is it needed at all? To satisfy the demands of a touring public who will spend their surplus ready money upon California coasts, it will hasten the time when such expenditure may commence. For the purpose of building up the state of Arizona, by bringing into closer communication with each other the presently related and dependant industrial operations of different localities in Arizona, the Ehrenburg route as proposed, will serve no purpose at all.

See Arizona first, is an Arizona tourist expression. Build highways to build up Arizona first, is a correlative business expression to be applied to the use of state funds for highway purposes. In the use of state funds for highway purposes, there should be no partiality shown towards any particular portion of the state. If capital is to be attracted to Arizona, with an increased number of people to engage in business within the state, it must be remembered that all the opportunities for investment do not exist alone in any one portion of the state. Mines and mining. Sheep and cattle. Horticulture and agriculture. Natural scenery as well as man made wonders. These abound in different parts of Arizona. With good roads in Arizona,

such roads as will really permit tourists who actually desire to see all of Arizona, the touring feature as connected with highway construction will be entirely satisfied.

If the people of Arizona actually desire to advertise the advantages and opportunities which are open to new comers, they must prepare to show their goods. All their goods, not some part of them. It is not a good follow up of good advertising to take a prospective customer down the main aisle from front to rear and let him out the back door. Especially when that back door route opens his eyes to the waste of all creation as he goes his way. So the real slogan of highway building in Arizona, should be to "Build Highways to see Arizona first," and true to such a slogan, the plans for highway construction have heretofore been laid and to a large extent perfected and completed, without the people's sanction to any state bonds issue for any highway purpose at all. The people of the state at large will make no mistake if they refuse to permit a Three Million five hundred thousand dollar inroad upon the credit of the state for the purpose of building a commercially useless highway from the Hasyampa River to Ehrenburg, and will use good business judgment by continuing to build such state highways as may be possible under the present policy of "pay as we go" through annual taxes and other highway revenues. Under that present policy, the present public will be able to construct highways as rapidly as private business conditions can afford the annual tax burdens which are required for so doing. Under that policy, the public can at all times control the amount which is to be annually expended for state highway construction, and do so according to general financial changes and real financial conditions of the public at large, and keep within what can, from year to year be actually afforded in the way of expenditures for more highway construction.

The framers of the state constitution, profiting through the experience of older states, sad experiences therein through an over use of public credit in state bond issues, placed a minimum amount as the maximum of state debts which could be incurred. Thus far for a period of twelve years of statehood, the voters of the state, have ratified and held to that limit, and to do so have several times rejected each and every proposal which has come forward, and which included a constitutional amendment to authorize state bond issues. There appears no reason to abandon that public policy in favor of a touring road to California.

The present public cannot look into the future. If it acts in such manner that it builds highways for real needs of today, and pays for such highways without encumbering the future, there will be no mistakes made. Bond issues do certainly encumber the future. They create burdens and obligations for future payment which cannot be thrown aside nor escaped, short of actual payment. If the present public desire to speculate with their present funds, for present purposes, and for immediate payments, regardless of actual benefits, and if in so doing that public increases its own tax burdens, that is a matter which concerns the present. But the present public owes it as a duty to the future, that it leaves Arizona as a land of a million opportunities for millions of a future public, free from the burden of debts through bond issues for speculative or doubtful purposes, highways or what those purposes may be, and thus destroy future progress, through the effect of public debts and consequent burden thereof which will ultimately sap the energies of future generations in efforts to carry on at all, when those same energies should be left to work unhampered towards progress and prosperity.

**Do not hang a mill-stone on your own necks, nor upon the necks of your children. Vote against more bond issues.**

# *The Tax Situation in the Counties of Coconino and Mohave Since Statehood*

The tables which appear below contain the figures of the amounts of taxes levied in the counties of Coconino and Mohave for the years commencing with the tax year of 1913 and ending with the tax year of 1923. The same purposes for which taxes were levied in these counties, and the amounts for each year for each purpose are given in these tables, as heretofore given in connection

with the tables heretofore published as to taxes in other counties covering the same period of time. Of course these tables show a net increase in the aggregate of taxes collected under each head in the table for the entire period. It is again noticeable that under the head of "special district taxes" appear the greatest proportionate increase. This means that the residents of

school districts have accepted all state school funds, and the regular allowances from county common school funds, and in addition thereto have caused additional special levies to be made, to meet what each district board of school trustees deemed necessary for school purposes of their districts. This statement may not be entirely true if taken to apply to every district, but is true when speak-



ing of the condition of special levies in the counties generally.

The tables disclose the fact that Mohave county is one of the two counties in the state which have no incorporated town or city. The people who reside in the county seat, and who reside in several other of the towns and trading centers of the county, have no extra tax on account of anything specially directed to the government of the towns which in fact exist in that county. This situation presents a question of whether these actually existing towns in that county are not as well governed and enjoy privileges equal to the towns in other counties, of similar importance and size, and whether if they do so enjoy such privileges, an argument may not appear in favor of abolishing local town governments, and thus saving taxpayers the extra cost thereof. Without attempting to enter into any discussion of such a

question as thus suggested, it can be safely added, that if people so decide to do, some of the present day activities which are conducted under the head of municipal objects and purposes, can be dispensed with, and still leave that same people amply governed, and fully safeguarded in their individual and collective rights. The desire which accompanies the powers vested in towns and cities, that those towns and cities undertake this or that, and use the tax powers of towns and cities to fulfil such desires, seems to lead to more unnecessary taxation, than would result if only such public activities were undertaken as are absolutely necessary to the people of such towns. In other words, if some really important and populated communities can exist without any municipal organization at all, there is room to economize as to some of the activities which organized cities and towns deem

to be now required, in municipal affairs and which lead to constantly increased taxation for city and town purposes. Economy follows every act of doing without what can be dispensed with as not absolutely necessary. There is certainly an object lesson which appears in connection with a lack of town organizations in Mohave county, and which shows that many of the activities of the several branches of government as those branches exist in the state itself, in its various counties and the organized towns and cities thereof, may be duplicated governmental activities, which include duplicated expenditures, duplicated and increased taxation, and that some revision pointed to a possible elimination of such duplications would be a revision to the end of reduced public expenditures, and a consequent reduction in the aggregate of taxes to be paid.

The tax tables referred to are as follows:—

### COCONINO COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 79,609.33	\$176,105.50	\$ 1,573.15	\$10,241.62	\$267,529.60
1914	76,514.94	143,572.99	1,942.40	12,750.48	234,780.81
1915	93,453.41	178,253.73	5,202.57	16,138.25	293,047.96
1916	70,053.24	189,143.75	9,719.62	17,515.65	286,432.26
1917	102,872.92	182,671.55	8,616.92	22,912.00	317,073.39
1918	79,011.06	218,597.26	11,274.96	25,056.51	333,939.79
1919	125,338.44	246,916.73	11,347.90	30,522.94	414,126.01
1920	108,468.27	252,422.80	51,259.04	47,111.40	459,261.51
1921	153,351.98	323,992.83	24,606.00	41,611.91	543,562.72
1922	102,654.00	282,580.29	82,998.41	39,695.36	507,928.06
1923	118,017.91	263,641.74	70,494.49	50,725.93	502,880.07

### MOHAVE COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913	\$ 69,680.27	\$123,172.20	\$ 156.97	.....	\$193,009.44
1914	68,028.42	138,349.94	6,573.81	.....	212,952.17
1915	80,797.54	143,640.06	.....	.....	224,437.60
1916	62,680.38	148,865.89	.....	.....	211,546.27
1917	98,612.98	175,586.40	6,480.10	.....	280,679.48
1918	86,091.15	200,879.36	4,195.50	.....	291,166.01
1919	139,222.24	238,998.18	4,307.30	.....	382,527.72
1920	110,957.75	280,314.32	3,765.89	.....	395,037.96
1921	167,358.98	307,206.90	4,806.00	.....	479,371.88
1922	102,579.54	315,789.09	16,401.50	.....	434,765.13
1923	106,261.59	300,304.50	24,572.40	.....	431,138.49

## To Add One Hundred Thousand Dollars to State Taxes For Investigating Colorado River Power

One of the initiated measures which will come before the voters of Arizona in the November election would provide as follows:—

"The Board of Directors of State Institutions shall, immediately upon this act becoming a law, make a thorough investigation of the irrigation and power possibilities of the Colorado River to the State of Arizona, and thorough investigation of the ability of the State of Arizona, as shown by its wealth, resources, industries and other influences to finance or to assist in the financing of any irrigation or power project on the Colorado River, and make and publish a report of the same. For the purpose of this act the Board of Directors of State Institutions shall provide itself with such equipment as it shall deem necessary and shall employ such clerical, engineering, technical and non-technical and legal assistance as it shall deem necessary and fix their compensation and pay the same semi-monthly and all other costs and expenses upon vouchers approved by said Board. The Board of Directors of State Institutions or through any member it shall designate, is hereby authorized, empowered and directed, for and in behalf of the State of Arizona, to make such filings, give any notice or notices, and perform any act or acts respecting the said canal lines, dam sites, and reservoir site, in connection with the development of the irrigation, power and other resources of the Colorado River, as will protect or preserve any rights or privileges the State of Arizona may have by filings made, or may acquire in the Colorado River, and the said Board is hereby empowered to acquire by gift for or in behalf of the State of Arizona, any monetary contributions, filings, rights, things of value or privileges with respect to any development of the Colorado River. For the purpose of carrying out the provisions of this act, the sum of One Hundred Thousand (\$100,000.00) Dollars is hereby appropriated out of the monies in the state treasury not otherwise appropriated, or so much thereof as may be necessary."

It is not the purpose of this Magazine to enter into a discussion of the question of the rights of Arizona in the waters of the Colorado River, the solution of those questions of water rights of the state of Arizona as one of the states claiming such rights, the question of how far the government of the United States is in paramount authority over all the states as to the waters of that river. The ques-

tion of particular locations for dam and reservoir sites, already in question as between private individuals and the United States, in suits in the Federal court. These are all branches of the main question as to what share of water, and where Arizona may ultimately locate its dam to acquire that portion, and is a question, too deep and too far reaching in its scope, to be dealt with in its entirety, in this Magazine. It is however within the scope of the purposes of this Magazine to call attention to some facts of the past, as well as to the above proposed initiative, for the reason that it calls for an appropriation of One Hundred Thousand Dollars, and to that extent will increase the state taxes in case it becomes a law through the vote of the people.

The idea of a possible development of power, including a use of the waters of the Colorado River for the reclamation of lands in Arizona is not new. The special session of the legislature for the year 1922, appropriated the sum of twenty thousand dollars "for investigation and survey of Colorado river projects," and brought about the appointment of an "Arizona Engineering Commission" to conduct the work of the investigation. The result of such investigations appears in a published volume of report made to the Governor of Arizona, under date July 5, 1923, which comprises some seventy-two pages of report, figures, maps, and estimates as to lands in Arizona which can be feasibly irrigated from the Colorado River waters. On page thirty-three of that report appears a summary of the estimated costs of an irrigation project. In that summary, which charges only fifty per cent, one-half, the estimated cost of damming the Colorado River, or only \$30,000,000.00 out of a total cost of such dam as \$60,000,000.00, and which summary also includes all other costs, estimated, which will be necessary to make the project a success as an irrigation project, a grand total cost of \$480,197,000.00 is given as the estimated cost of the necessary irrigation works. That commission would spread that cost over two million acres of land. If Arizona should "go alone" into such a project, without the aid of adjoining states, the total cost would be \$540,197,000.00, or at the rate of \$270.00 per acre, spread over two million acres of land. The report credits the irrigation feature of the project with \$30,350,000.00, on account of "Credit for power Assets, Gila River

Site, and Nottbusch Pass Site." After this credit is made, the report charges \$449,847,000.00 to net cost for irrigation project as such, and estimates the cost thereof at two hundred and twenty-five dollars per acre to the entire two million acres under the project. Of the project itself, the Commission says:—

### Commission Reports That Acreage Cost Renders Project "Not Feasible."

"This Commission agrees that the High Line Canal project is not feasible at the present estimated cost of \$225.00 per acre, and that no funds should be appropriated for a detailed survey of the project as a whole". It also says:—

"A report to determine definitely the feasibility of the projects under consideration would require a topographical survey covering a large region, which survey alone would cost from \$250,000.00 to \$300,000.00. The Commission made such surveys as were deemed necessary to determine whether or not the respective projects have sufficient merit to justify a further expenditure of money on detailed surveys and reports."

To a layman, the report should signify and be an answer to what should control the matter of any further present expenditure of state money," for a more thorough investigation of the irrigation and power possibilities of the Colorado River to the State of Arizona," in that from the outset, and assuming the maximum amount of lands to be reclaimed as two million acres, the initial cost of a project for such reclamation, at from \$225.00 to \$270.00 per acre, the project is at present not feasible nor practical. In that also, a topographical survey of the entire two million acres of lands lying under such a costly, and indefeasible project, would most certainly eliminate many thousands of acres, for reasons that same would not under any conditions, be susceptible to irrigation under the suggested project, or any possible project at all.

### Why Expend More to Ascertain What is Already Known for all Practical Purposes

To a layman, when the advice of an expert is asked and paid for, that advice discloses an impossible cost of any structure which might be in the layman's mind, impossible for reason that such cost will be greater, than the final worth of the structure to the activities of the layman in which it might be used, the project itself is dismissed from further consideration. Unless, then, the figures



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription AUGUST, 1924 50 Cents

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as to cost of the project as those figures are given by the Commission above quoted, the public of Arizona is in the same position as the layman would be, who had in mind some project, but ultimately ascertained its cost, made it impractical for adaptation to private use. Why then should the present public of Arizona, attempt to go contrary to the advice of its appointed agents. Why continue to expend public money in one hundred thousand dollar lumps, in an attempt to do the impossible. The cost of proposed Colorado River dams and irrigation works therefrom to irrigate lands in Arizona, is undeniably too great at the outset to warrant further acts towards its construction as a state proposition.

### Taxable Wealth of State is Basis for its Credit...Arizona's Taxable Wealth Already Known

The Arizona public already knows the resources of the state. The total of such resources appear in the assessed valuations of taxable property, as shown by the tax rolls of each year. Certainly no additional resources can be discovered, upon which to levy the cost of a proposed irrigation project, with an incidental power project, in connection with the Colorado river, which does not appear upon the present tax rolls of the state.

If, ultimately it should be possible to reclaim an entire two million acres of what are now, in the main, unsurveyed, uninhabited, and worthless lands, the present known resources of the state, taxable as such, will most certainly be the resources from which to draw the cost of the initial installation of any Colorado River project at all, constructed with a future possibility looking to final reclamation of that two million acres. It is known that irrigable lands and lands subject to irrigation, as those lands already exist in the state, range from fifty dollars to one hundred and twenty-five dollars per acre, in their assessed values for taxation purposes. It is a long, long, step between the present and the time when any of the two million acres to be reclaimed, would appear upon the tax rolls at all. It is simply a matter of speculation when if ever the entire two million acres would appear on the tax rolls with an average assessed valuation on a par with the value of present irrigated lands, as the value of the latter now appear upon the rolls. It has not yet been demonstrated that on an average value of such lands spread over all lands in any irrigation project of irrigated lands in Arizona, shows an average assessed valuation of two hundred and twenty-five dollars per acre, which is an important factor pertaining to the practicability of any proposed irrigation project.

The gross assessed valuation of taxable property in Arizona at the present time does not exceed \$650,000,000.00. To finance a Colorado River Dam, with irrigation works, would, take at least \$450,000,000.00 of capital. No present method of raising public funds in such amounts, except through bond issue, is known to present day finances. If Arizona is to undertake any such construction as within the contemplation of those who propose another one hundred thousand dollars of state expense towards

further investigation, Arizona will ultimately have to stand back of the cost of such a project as may be constructed solely for the benefit of Arizona, and to be finally under state control. No amount of research nor investigation to be conducted through any state board or body, will reveal taxable wealth in Arizona, upon which to base the credit of any bond issue to the amount of \$450,000,000.00.

### Arizona Should Confine its Expenditures To Practical Purposes Possible to Present Ability of Her Public

The taxpayers of Arizona have no money to throw away, they have no money with which to speculate. The taxpayers are confronted with present day demands for the construction of highways, bridges, and other feasible and practical projects, deemed necessary to the present, right now progress of existing private activities. If the present burdens of taxation are to be increased at all in hundred thousand dollar sums for any purpose at all, let that burden be increased towards the completion of something in the way of present public improvements, rather than use such an amount in the accumulation of volumes of statistics, reports, and estimates as to any purpose or possible purpose, public project, or public undertaking, which to the ordinary layman, starts out with the official stamp of former public agents as being impractical, and thus impossible for reason of an ultimate cost which will be far beyond the ability of Arizona.

As against ideals and dreams to be realized in a far distant future, the Arizona public is facing the stern necessity of financing present public needs. It may not be required to abandon the dreams, but the present financing of such dreams, seems out of the question, when present financial requirements for present needs, are kept in mind.

## What Others Say About a \$3,500,000.00 Bond Issue For a Special Route to California

It is quite easy to procure the names of ten per cent of the voters of the state to an initiative measure. Some one with a special axe to grind, or some few who have been unsuccessful in getting some hobby in legislation enacted through the regular legislative channels, propose what they desire, hire a few "signature solicitors," and with only a partial disclosure of the real effect of what is proposed, these solicitors work their friends and neighbors into signing. That signing is more often an act of friendship for the solicitor, to enable the earning of so much per name, rather than indica-

tion that the persons whose names finally appear upon an initiative petition are really in favor of its provisions. The expense of repeated attempts to get through some measure which will amend the constitution of Arizona and permit the credit of the state to be used behind state bonds, has been made as an incident to nearly every election since statehood. Ten per cent of the voters of the state have continued to repeat that expense, and ultimately the majority of the voters have voted against each and every proposed authority for a state bond issue through constitutional amendment.

Incidentally, that same majority have voted down practically every initiated proposition, regardless of the purpose thereof. It would thus seem that proponents of such measures, particularly bond issue measures, would see the handwriting on the wall, and refrain from making the taxpayers the repeated expense of an election upon matters which have once been before the voters, and defeated. Unfortunately the proponents of a highway from Hassayampa River to the Colorado River at Ehrenberg, are blind to everything but their persistence in defeat, and their private purposes behind the putting through of such a bond issue, and continue to exercise their privilege of initiating, regardless of public election expenses connected therewith, as it costs them personally practically nothing in so doing.

There might be some excuse for repeated efforts to secure a highway for travel from Phoenix into California, if no plans had been made for such a route of travel. But the fact is, that the Seven per Cent System, of highways as already adopted, did include a practical, feasible, and short route for such a highway. And it is also a fact that the route included in that system is financed, and nearly completed. The state officers in charge of the completion of the route, report that it will be entirely completed during the present summer of 1924. The route referred to is from Phoenix to Yuma, there to cross the interstate Colorado River bridge already in place, and continue into California, over highways constructed therein, to complete a route from Phoenix, to connect up with the highway systems of California, to San Diego and Los Angeles. This route serves many ranchers, runs through several towns of considerable size, and traverses several irrigated land belts, where water is already available, and more settlement awaited. This route serves the objects of the present state policy in highway building, that of

constructing highways for industrial purposes, it also will serve tourists and pleasure seekers enroute to California from Phoenix. This Magazine has heretofore urged a lack of real necessity for another route to California. Has urged against such a route, as beyond what the present public can afford when the cost thereof is added to what public funds are really needed to complete presently adopted and partially completed plans for state highway routes. It seems also, that the people of the state at large are against the proposed route, if the pulse of the people is reflected in the state press. Space will not permit the quoting of all that is written and printed, in the press of the state, unfavorable to the proposed bond issue. The general attitude is shown, however, in the article which appeared in the Douglas International, as follows:—

**"FOOL PROPOSITION RENEWED"**

"We note that H. B. Wilkinson, former state senator from Maricopa County and the Junior Chamber of Commerce in Phoenix are active again in favor of initiating a law which would provide for bonding the state to have a highway from Hassayampa, fifty miles west of Phoenix to Ehrenberg on the Colorado River. Such an expenditure would be entirely unnecessary at the present time and the same proposition was voted down two years ago. It should be voted down this year, even by a greater majority and we believe it will be.

There is a paved road from Phoenix to Buckeye, a short distance this side of Hassayampa, from whence the Bankhead highway leads southwest to Yuma via Gila Bend. The last links of this highway which comes into Arizona from New Mexico at Rodeo and leaves the state at Yuma are now being constructed and only a few miles remain to be finished. Here will be an excellent road west from Phoenix to either San Diego or

Los Angeles, accommodating those going west from Southern Arizona and also those who would reach the capital city from the Central highway from the New Mexico line east of Safford, via Globe and Miami. These roads are now ready for use. Why build another parallel road through a stretch of one hundred miles of uninhabited desert to reach Blythe, California, which is one hundred miles from the paved road system of Southern California? We believe the taxpayers of Arizona should now be given a rest in the matter of building highways from Phoenix to California. In a short time there will be completed the last link in the route to California from Phoenix, going via Prescott to Ashfork on the Santa Fe railroad main line, there connecting with the already completed highway which crosses the Colorado river into California near Needles where a bridge spans the river. Here we will soon have two good roads into California from Arizona, both connecting with the state road system of the Golden state.

Paving the road from Phoenix to Blythe would be an inexcusable waste of money. Surely the voters of Arizona would never create such a burden for which there is no necessity or reason.

The Chamber of Commerce in Phoenix has condemned the Blythe road paving proposition and surely there is no other part of the state which would be benefited by it.

The first paved highway through the state of Arizona will probably be the Borderland route; many miles along this route have already been paved, but there is no need for any bond issues now for this or any other state highway; in a few places on this highway there may be short stretches where the cost of upkeep would justify the laying of a cheap paving, like that east of Tombstone, but all such necessities can be taken care of by our present sources of revenue for road construction or upkeep."

**Seventeenth Annual Conference of National Tax Association**

The National Tax Association will hold its annual conference in St. Louis, Missouri, during the week September Fifteenth to nineteenth. This will be the seventeenth annual conference of that association. [The objects and purposes of this association as stated in its monthly bulletin are:—

"The National Tax Association has no creed and conducts no propaganda. Its program is mutual education; its object is to make tax laws simpler, saner, more just and more effective. It welcomes rep-

resentatives of every creed, school and interest, but its endorsement is given only to those ideas which have the unanimous approval of the voting membership at its annual conferences. With these limitations, its declared object is: To formulate and announce through the deliberately expressed opinion of an annual conference, the best informed economic thought and administrative experience available for the correct guidance of public opinion, and legislative and administrative action on all ques-

tions pertaining to taxation, and to interstate and international comity in taxation."

Among the topics to be presented to this conference, and which undoubtedly will become of enlightening value upon subjects which, in general, have been touched upon in articles in this Magazine, and in which our readers may hereafter be interested, are such subjects as: "The significance of the growth of public expenditures in a Democracy"; "The facts as to growth in Public Expendi-



tures"; "The Budget System as a preventive measure against public extravagance"; "Central Supervision of Local Expenditures"; "Centralized Supervising Tendencies in State and Local Relations"; and "The Increasing Burden of Special Taxes". Each of these subjects will be considered by different speakers before the conference, each speaker having been selected for reason of particular versatility with the questions by each to be considered.

There seems to be only one way in which to bring before the public, the real facts as to all conditions which ef-

fect an increase in demands for funds for public expenditures, and thus increase the demands which result in higher taxes to be borne by the public, and that way is, through continued discussion of all branches of the subject. It is never to be expected that the public will accept the thoughts, nor adopt the ideas of any one man, in any effort to bring about reforms which may be needed to effect public economy. It is however to be expected, that from the ideas of many speakers and many writers, there will arise a common line of thought and idea

for united action to the same end, and from such a commingling of ideas, round table discussions upon points suggested by many speakers, such tax conferences become one sure means of educating the public and pointing the way in which economy in public activities, economy in the matter of public expenditure, and final economy in the amount of actual public taxes and other sources of revenues needed to efficiently conduct all needed purposes, objects, and functions of government may finally be attained for the relief of a present over-taxed public.

## QUESTIONS AND ANSWERS

**Q.** In the event other sources of revenues in a county are received into the treasury, during the fiscal year, to an amount which will, with taxes levied for any county purpose create a fund larger than the amount fixed in the annual estimates for a purpose of the county, has a board of supervisors power to expend that excess amount?

**A** The answer to the above question calls for a full consideration of the intended effect and operation of the provisions of state laws which relate to "annual estimates" as the basis for county expenditures. This law, as amended in 1921, contains provisions which require the board of supervisors to propose every contemplated expenditure for every county purpose, and set forth as to each purpose, the amount proposed to be expended therefore. The amended law contains this language: "The total of amounts in such estimates proposed for expenditure shall not exceed by ten per-centum the aggregate of actual expenditures for the previous year, exclusive of expenditures for school, bond, special assessment, and district levy purposes." The same law also contains language as follows:— "When such hearings shall have been concluded, such board of supervisors shall adopt the estimate as finally determined upon, and which estimate shall become and be adopted, and no expenditure shall be made for a purpose not included in such budget, and no debt, obligation, or liability shall be incurred or created in any year in excess of the amounts specified therein as an amount proposed and finally adopted for each purpose therein named." These provisions seem to intend that the expenditures of a county in any year shall be confined to the aggregates, and to the items and purposes, and to the amounts for each purpose of the county, as stated in the estimate of county expenditures adopted for that year. These provisions as quoted, place a limit upon the amounts which may be expended,

the county may finally get the funds with which to meet its obligations. Prior to the amendment of the estimate law, and under old paragraphs 4839 to 4842, there was no limit upon the time when a county could commence to anticipate its tax revenues and revenues from other sources, and commence to create obligations to the amount of the aggregate under each head and of each fund therein, according to the adopted budget or estimates. If the other sources of revenue failed to come in, then a county found itself with a deficit to be met in the next year's estimate. So the amended law, not only limits the amounts which may be expended by the board of supervisors for any purpose of the county, by using the words:— "and no expenditure shall be made for a purpose not included in the budget, and no debt, obligation or liability shall be incurred or created in any year in excess of the amounts specified therein, (referring to the estimate) as an amount proposed and finally adopted for each purpose therein," but that new law includes a further limitation directed to the time when debts, obligations, and liabilities may be created for payment by the county, when, again referring to the effect of the annual estimate, it says: "nor beyond the amounts therein proposed and adopted to be raised by taxation, except when the other sources of revenue have been and are first received by the county, as a means of liquidating such extra obligations and liabilities." The purpose of this last limitation, being to permit the county officers to go ahead with the county business and purposes to the full extent of "tax raised funds," by anticipating a final receipt of the full amount of taxes levied, but to prohibit any anticipation of any amount of "other sources of revenue," and to require that such revenues must be in hand, before any step is taken towards an expenditure thereof. The whole act seems to plainly indicate, that the total amount to be available in

any year for any county purpose, in no event shall exceed the amount placed in the annual estimate for that year. That, of such amount, the portion thereof to come from direct taxes, may be expended or liabilities created to be paid therefrom regardless of whether the taxes are actually paid or not. As to the remainder of the total in the adopted budget, and being that portion which in contemplation of the estimate is to come from "other sources of revenue," no portion of it can be expended, and no debt, liability, or obligation, incurred by county officers against it, until and when amounts of those revenues are actually in the treasury of the county. The extent to which such debts, obligations, or liabilities may be created, is still controlled under the provisions above quoted, so as not to exceed the amount placed in an adopted estimate, as an amount to limit the total expenditures for any given county purpose. Under these provisions, the actual total of revenues, have nothing to do with any increased amount available for expenditure, even though the actual revenues collected, do in fact, when added to the amount of taxes raised for a county purpose, exceed the amount as adopted for expenditure in the annual estimate. There is no provision in the financial provisions of the code, which relate to counties, which permit an expenditure of all funds in the treasury, there is, as above stated a positive limit created by each year's estimate, which is not to be exceeded through the making of debts, liabilities, or obligations, for the county business of that year. Hence the answer to the question is, that boards of supervisors have no authority to expend more for any purpose, than the aggregate placed in the annual estimate as available for that purpose, and the fact that the actual revenues for the year may create an unappropriated balance to the credit of any county fund, does not remove the limit nor authorize an additional expenditure of such balance.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME ELEVEN

PHOENIX, ARIZONA, SEPTEMBER, 1924.

NUMBER NINE

## Public Honesty and Good Faith to all, Demands Strict Adherence to Established Highway Policy Until Adopted System is Completed

The first state legislature having in mind the needs of Arizona for better highways, established the first state tax fund for such purpose, and to confine the use of that fund to necessary highways declared that:—

**"ALL HIGHWAYS AND BRIDGES CONSTRUCTED, IMPROVED OR MAINTAINED UNDER THE PROVISIONS OF THIS ACT . . . SHALL BE ONLY FOR THE INDUSTRIAL DEVELOPMENT OF THE STATE."**

It thus defined a policy which would control the use of state funds and state officials co-operating with county boards and highway commissions, have worked out a system of highways to cover the state according to what seemed to be most needed highways for the INDUSTRIAL DEVELOPMENT OF THE STATE. State highway funds have been increased. The various counties have bonded to raise funds for highways, other county highway funds have been used, all intermingled to a common purpose of completing that adopted system of NECESSARY INDUSTRIAL HIGHWAYS. Some portions of the state have patiently awaited their turn to derive actual benefits of portions of highways in that system. Other portions of the state are still on the waiting list entitled to and expecting a completion of that system and with that completion, to receive the immediate benefits of highways therein. The sacrifices which have been made in some quarters of the state through large bond issues, by counties, through payment of state taxes for highways far distant from the homes of taxpayers, all made in the expectation that the policy of the state would be continued, and in dependence upon that true to that policy the entire state system of highways would sooner or later be completed to serve the entire public, and industrial needs of the whole public of the whole state. Hence it is that common honesty requires that the whole public unite and so act, that all funds which may be available and which the taxpayers of the state can allot to state highway building be used with the fixed purpose of adhering to the above policy, and finishing up the established highway system, until equal benefits therefrom is extended to all portions of the state. The injecting of a "wild-cat" line of highway, at the expense of a state bond issue of \$3,500,000.00, into the highway plans of the state at this time, would increase tax burdens of those taxpayers who up to date have paid into state highway funds without direct benefits, and would be a course contrary to good faith and common honesty by one portion of the Arizona public, extended to other portions. **REAL PUBLIC HONOR DEMANDS THAT AN EQUALITY OF BENEFITS FROM HIGHWAYS FINALLY CONSTRUCTED TO INCLUDE AN ENTIRE STATE SYSTEM AS IS NOW IN THE MINDS OF THE PUBLIC OF THE WHOLE STATE, SHALL BE ESTABLISHED, AND TO PRESERVE THE INTEGRITY OF THE PUBLIC, NO SANCTION SHOULD BE GIVEN TO AN ISSUE OF \$3,500,000.00 OF STATE HIGHWAY BONDS.**



## EDITORIAL COMMENT

# THE UPBUILDING OF ARIZONA

Arizona is surely destined to come into its own as the final Mecca of those who will sooner or later follow the suggestion of "Go west, young man, and grow up with the country." The overflow population of the east will sooner or later follow the western trend and will be attracted by the natural advantages present in Arizona. All true Arizonans will welcome more and more numbers of earnest toilers, more and more of home-builders, and more and more people to engage in the diversity of industrial pursuits which are open and already calling to those numbers which will finally cause Arizona to teem with life, business and hustling efforts, all of which will be to an upbuilding of our state.

All of the present people of this great state are looking forward with expectancy to the results which will follow extensive improvements in irrigation facilities, in railroad service, in mining development, and incidentally each and every internal improvement now under way within the borders of Arizona. With an increased acreage of lands to be placed in the list of irrigable lands, through the completion of irrigation projects now under way, it is no dream but a reality, to say that Arizona can offer possibilities for hundreds and thousands of ranchers and farmers somewhere in and upon the hundreds of thousands of acres of fertile lands to be made certain of water supply from such projects. A completion of that system of state highways which has been under construction for the years since statehood, will finally link the populated centers of the state in such manner that the agricultural districts can satisfy the rule of supply and demand by being enabled to carry the production of latter districts to the consuming public of those more populated districts.

### **Present Internal Improvements Are Keeping Pace Fairly Ahead of the Real Demands for Results of Such Improvements**

The upbuilding of the state is silently progressing and up to date has so progressed along conservative and careful lines. True it is, that the burden of taxes has increased nearly ten fold since

statehood. Speaking now of "taxes," as including all sources of public revenues through which from the public, funds are drawn with which to carry on all public undertakings. The public has struggled with that increased burden, hopefully looking forward to the day when it would be recompensed through the upbuilding results of public funds invested in public improvements.

If the same public will pause and take a careful survey of the whole situation. If it will pause long enough to consider just what progress has been made in the past, and consider also just how near the plans of the past, which have been carried on under certain policies, have actually progressed towards such a final completion that the end is nearly in sight. If the public will do this, it can be ventured as a true assertion that the end first desired when the plans and policies of the state were first adopted, will arrive without any necessity of attempting to force the issue, through "spurting" or "speeding," in attempting to get there quicker.

From such a survey of the real situation as above suggested to be made by the public, it will appear that internal improvements already made in Arizona have opened up opportunities for persons who may be looking for such opportunities, to an extent that the supply of actual openings for new comers, new home-builders, and new seekers for business, actually exceeds the real demand.

### **It Is Possible to Increase a Supply of Opportunities But Impossible to Increase a Demand Therefor**

The question which presents itself from such a survey of the real situation is, of whether it is advisable to attempt to increase the supply of opportunities, when the present supply exceeds the actual demand. The question of increasing public expenses and public expenditures, either through any increased taxation, or through increased bond issues for more and more internal improvements, is purely a business question. The public is interested in that business. The manner and means to be used in upbuilding a state in progress and development, do not dif-

fer from the general means and manner which are applied to upbuilding a private business. The merchant desires to succeed. He carefully selects his offerings to the public. He selects according to what the members of the public who are or may become customers may need. That merchant measures the amount of his purchases as nearly as possible, according to a prospective demand. That amount from year to year is increased or diminished, according to the experience of actual business demonstrated by actual sales to actual customers.

The good business man does not line the shelves of his store with merchandise in unlimited amounts, simply because the goods are staple. He simply gauges his supply as nearly as possible to an actual demand. By so doing, the profits of his business are in real profits, rounded up and made certain, rather than tied up in shelf-worn, extra stock, which may or may not develop into any real profit at any time. The good business man escapes the burden of carrying charges, loss, and depreciation, incident to "overstocking," through a strict observance of the rule of supply and demand, with a conservative excess of supply to meet a possible unexpected demand. The private business man may have several distinct enterprises in hand at the same time. His success depends upon applying the same methods as to each. If he attempts to draw from one enterprise more than it can stand, and ties those withdrawals up in unused and unneeded investments in another, sooner or later the result will be failure rather than success.

### **Let All Internal Improvements Await the Growth of Demands and Upbuild with Conservatism in Use of Public Funds**

It is gratifying to know that for years, and for those years extended to the centuries to come, there will be no dearth of opportunities in Arizona. The gradual upbuilding of the state, through pursuing the same conservative methods which have been used by the public in the past, will reach out for, and bring those opportunities into demand for future additions to the

population of the state, when that real demand itself grows a natural growth. It does not seem to be good policy in public business, to undertake to draw upon the taxpaying members of that public, for funds with which to attempt through more and more internal improvements, to "overstock" the market with opportunities, at a time when the shelves are already loaded with similar opportunities far in excess of the demand.

Good public business requires that the public look over its work towards the upbuilding of the state and ascertain just why it is that the demand of new-comers who in fact have accepted some one or more of the opportunities made possible through that work to date, ascertain if possible why it is that every available acre of tillable land to which irrigation water is now ready and at hand, is not teeming with crops. Ascertain if possible why it is that more

and more demand is not present and ready to develop the mineral, the forest, and range, opportunities already at hand in the state.

#### **Let a Survey Be Made to Determine Conditions Which Deter the Use of Already Present Arizona Opportunities**

If a consideration of the subject shows that the reason and why of the above suggested situation, is in the present burden of taxes. Or, if it shows that the public has already expended and is now carrying the overhead expense of too much of attempts to force progress, in either case the answer is pointed out. That answer does not include going in deeper, borrowing and spending more and more of public funds to increase still more and more a surplus of unused and undemanded supply similar to what now exists in ex-

cess of any present demand. That answer does include the real necessity of eliminating the cause through efforts to decrease taxes, to decrease public expenditures, to decrease bond-interest burdens, and to continue to do so until such time as the growth of the real demand for what is now ready for an increased population in Arizona, has actually reached a point where available opportunities have been absorbed.

The public of Arizona can do more towards its upbuilding as a great and prosperous state, by devoting its energies towards a remedy of every condition which retards the prosperity and progress of the private enterprises and private activities of its present members, than it possibly can do by increasing and aggravating those retarding conditions, in attempts to build for future generations, at the expense of the present.

## ***Build Highways for Arizona, and Not for Any Special Portion of California***

This Magazine has watched closely for any real reason of necessity to be advanced in support of the proposition to bond the state of Arizona for an amount of \$3,500,000.00 for the construction of a new and direct highway from the Hassayampa River in Maricopa County to the Colorado River at Ehrenberg. Now that the summer vacation period is over in Arizona, it is believed that a good portion of the real support of such a measure has been satisfied for the present and that when the Arizona tourists who motored to California have all returned to their daily tasks and business occupations at home, the idea of \$3,500,000.00 of bonds for a touring road, will be overcome when the real business needs of Arizona for more highways is more calmly considered. It is firmly believed that such a reconsideration of that bonding of the state, as proposed in the initiated amendment to the constitution, and the expending of \$3,500,000.00 for a touring road to California, will cause many former advocates of the measure to entirely abandon it.

#### **The Public Should Not Be Deceived Into Believing That no Present Route Exists to California**

It is quite possible that many Arizona tourists, motoring into California have become more enlightened than formerly as to just what highway facili-

ties are already at hand for use in that direction. For the benefit of those of our readers, whose stay at home policy, prevented a customary trip to California, and for all of our readers who may be interested in the question, it can be truthfully stated that tourists from Arizona, and eastern tourists going across the state into California, already have a choice of two highways. One across the northern end of the state, and the other across the southern portion of the state. Travellers over either route will find such roads as will permit a rate of speed in travelling as will equal the present state speed limit of thirty-five miles per hour, with a possibility that this limit may be exceeded, if the tourist takes a chance. Travellers through the state, will find cross highways of equal character of road-bed, and upon which those travellers can see different portions of Arizona in comfort and in safety, and diverge from these cross-roads into either of the cross-state routes above referred to, and thus continue into California according to their respective pleasures. The highways referred to are not all hard-surfaced roads, are not all boulevards, but as compared with highways of ten years ago, present the result of a construction of good serviceable roads, to serve the needs of the larger majority of the public which travels over them.

#### **A Diversion into "Before and After" Motoring Experiences of the Writer**

The writer of this article stayed in Arizona for the vacation period. His duties to the Magazine, and his obligations to its readers, impelled him to cover some twelve to fifteen hundred of miles of highways leading in different directions from Phoenix, and portions of the Arizona state highway system. These travels included a round trip to Yuma. As to previous experience covering a course of travelling to and from Phoenix, including several overland trips to California, during the past ten years, and comparing past highway conditions over these same routes, with their present condition, the writer can say that he has ploughed through sand and mud, hub-deep, has bounced and jolted over ruts and stones, has returned to Phoenix after many experiences with broken springs, twisted steering gear, and burned out bearings, and like pleasantries of travel in the past, and with an avowal of "never again" over those roads. So it was with some reluctance that he started the different trips included in journeys made the present summer. To say that he was agreeably surprised in putting it mildly. He can say to his readers, that he found the roads at least ninety per cent good, safe, and in con-



dition for as high a rate of speed as could be maintained upon any highway with safety to drivers and passengers. The ten per cent not in that condition, included portions of highways in course of completion, and the detours to be made on that account, were safe and passable, even if slower speed was required thereon. On the highway of two hundred and fourteen miles from Phoenix to Yuma, all but about ten miles was finished roads. Service stations, lunch rooms, and rest rooms abound at convenient distances in the towns along this route. The highways referred to, the service provided en route, and all conditions encountered, can be sized up by saying, they were all good enough for anyone. What more can be asked or required? What more is necessary? The answer is, nothing at all. The needs of a travelling public, California bound, are fully met under present conditions of present highways in that direction, so far as Arizona highways are concerned. None but the fastidious or luxury loving members of the public would actually demand any more.

With the needs of the public supplied in the way of highways into California, there remains no reason at all to bond the state for any sum whatever, for \$3,500,000.00, or any other amount, for the construction of a new and independent line such as proposed in the Ehrenberg route.

When the present condition of present highways is known to the public, the cry for a new line of highway calling for such a bond issue will no longer be heard from any conservative member of the public. All that remains to be done, is to continue to maintain the highways already constructed, and continue to construct similar highways until the entire so-called "Seven Per Cent" system of highways is finished and Arizona will be fairly well equipped with a system of industrial highways, available also for use of pleasure-seekers and tourists. The annual interest which would be added to state taxes, should a bond issue of \$3,500,000.00 be authorized, would approximate \$175,000.00, this latter amount used efficiently towards maintenance of present highways, would go a long ways towards that maintenance.

**Public Highway Demands Completion of Present Highway System in Fairness to All Arizona**

In connection with the relation of a bond issue of \$3,500,000.00 for a special highway route to the California state line, and the present highway plans and policies as embodied in the same "Seven Per Cent" system, which has been un-

der construction almost all of the time since statehood, there is an inseparable element of fair-play which the public should not overlook. When a state highway fund was first proposed, there were opponents to the plan. Those opponents insisted that it was unfair to tax the people in one county, for the construction of a highway in some remote and distant county. These opponents insisted that no assurance could be offered that any portion of that fund would finally be used for highway construction in each county, the "seventy-five per cent" portion of this state highway fund now used for construction in each county, according to their respective portions of taxes included in the annual aggregates thereof, was a compromise made in answer to such opposition to the fund itself. In the actual use of these state highway funds, and in the actual use of funds raised in several of the counties through bond issues, highways have actually been constructed which are in fact portions of, and links in the state highway system as planned by former state officers, and accepted and followed by present officers. So that in fairness to the taxpayers of every county, who in years past have paid taxes into the state road tax fund, both as to the "twenty-five per cent" portion thereof, and to the whole fund, there remains no escape from the requirement that the state continue to complete its entire system as formerly planned, and now nearing completion, and to do this there should be no change in plans under any pretext, which require a state tax levy, spread over the entire state, to finance that change. If the taxpayers of this state feel that another \$175,000.00 can be added to the state highway fund each year, then fairness requires that this extra \$175,000.00 should be used to complete the system already started, and already financed in part through state taxes, and in part through contributions of counties from bond funds, and other funds belonging to those counties.

**With no Necessity Existing Therefor, a Diversion of Public Travel from Present Routes Is Unfair to Business Activities Along Present Routes**

The question of fairness to the public involves also an element of more particular concern to the people of the state who have served the public in the emergencies of the past upon the present routes of travel towards the California state line. Many of these have shown their true spirit of pioneerism. They have stuck, hung on, and re-

mained ready to serve the travelling public, through the lean years, when travelling towards California was an arduous task. With prospects of something better in the future, with actual promises to them that good highways would be constructed through their communities, business activities have been undertaken along these routes, to accomodate and meet the requirements of increased travel, and a consequent increase in patronage for those activities. These people in common fairness are entitled to the benefits of their waiting. It would be manifestly unfair, for the general public of Arizona, to so act, as to cause a hard-surfaced boulevard to be constructed through a desert stretch of unpopulated area in Arizona, compel these same pioneers to contribute to the cost thereof, when one of the avowed purposes in the construction of such a boulevard, is to divert the present trend of travel from presently established routes, and by so doing take from considerable numbers of good Arizona citizens, a goodly portion, if not all, of their present means of livelihood.

The more consideration which is given to the proposal to bond the state for \$3,500,000.00 for a new route into California, the more and more its unfairness presents itself. Having its in-

**Comparative Sta**

COUNTIES	1923 Assessed Valuation
Apache .....	\$ 9,355,348.00
Cochise .....	130,410,535.00
Coconino .....	20,524,854.00
Gila .....	114,762,166.00
Graham .....	12,399,829.00
Greenlee .....	25,385,800.00
Maricopa .....	112,299,316.00
Mohave .....	18,480,277.00
Navajo .....	11,829,619.00
Pima .....	55,477,774.00
Pinal .....	48,641,848.00
Santa Cruz .....	12,322,790.00
Yavapai .....	103,726,282.00
Yuma .....	21,385,568.00
TOTALS .....	\$697,002,006.00

ception in a concealed personal interest of its promoters, the proposal itself includes so many elements savoring of selfishness, so much of luxury demanded instead of any necessity to be met, so much of unfairness, to the whole body of Arizona taxpayers, and particu-

larly to a considerable portion thereof, that good faith, and public honor to be and remain in unblemished integrity in a spirit of equality to the whole state and all its citizens, leave no course open except to defeat the proposal to bond the state for \$3,500,000.00.

1923-1924 levied upon the property of each county as the assessed valuations of each county for that year, produced an aggregate of \$7,104,898.31 for county purposes, while the tax rates for the year now present, 1924-1925, levied upon the assessed valuations shown in each county, will produce an aggregate of \$6,454,954.92. All of which results in a net decrease in the total aggregate of county taxes to an amount of \$649,943.38, in favor of the new tax year.

In a bird's-eye view of the situation in the whole state of Arizona it may be stated that county officers having charge of the compiling of estimates as to requirements for county purposes, have made an earnest attempt towards reducing the tax burdens of the taxpayers of their respective counties. This tendency towards economy is commendable. It is to be hoped that Arizona is again approaching an era of prosperity and that the near future will result in reducing the amount of outstanding delinquent taxes, and with the payment of such taxes into the county treasuries, still further opportunity will be given to reduce the new tax rates for the years which follow. In passing upon this subject of reduction in county expenses, and thus making it possible to reduce county tax rates, it may be

## County Tax Rates and Amounts Produced in Taxes for County Purposes Upon Rolls for 1923-1924

The table which appears in connection with this article shows by comparison, certain general figures relating to the assessed valuations of property for tax purposes in each of the various counties in the state, presenting for the purposes of comparison the valuations for the year 1923-1924 and for the new tax year, 1924-1925. From the table our readers in each county can see just where increases or decreases have been made in the aggregate of assessed valuations in their respective counties. For the whole state, the aggregate of such valuations for last year was \$697,002,006.00, and for the new year, an aggregate of \$649,879,308.00, a net decrease in valuations for the

whole state of \$47,122,698.00.

The same table shows the total tax rate for the different counties for each of the same tax years. Included therein are the rates levied in each county for the general fund, the road fund, and the county school fund. These rates do not include anything as to special school district taxes, nor taxes levied upon the county rolls for other special districts in any county. The comparison of the rates show a general reduction in the average of rates for the two years of the difference between \$1.0193 and \$.9932, per hundred dollars of valuation.

For the purposes of the counties covered by the table, the rates for the year

## Amount of General County Taxes for the Years 1923 and 1924

(Special District Taxes not Included)

1924 Assessed Valuation	Increase or Decrease	General County Tax Rate Per \$100.00 Valuation		Amount Raised 1923	Amount Raised 1924	Increase or Decrease
		1923	1924			
1,914.00	\$ 193,434.00*	\$1.675	\$ 1.77	\$ 156,702.07	\$ 162,165.88	\$ 5,463.81
2,708.00	17,197,827.00*	.665	.68	867,230.05	769,846.41	97,383.64*
7,944.00	53,090.00	1.2845	.5208	263,641.74	107,169.93	156,471.81*
5,731.00	14,186,435.00*	.7005	.6236	803,908.97	627,190.26	176,718.71*
1,841.00	44,988.00*	1.425	1.84	176,697.56	227,329.07	50,631.51
1,603.00	4,634,197.00*	1.135	1.40	288,128.83	290,522.44	2,393.61
3,709.00	2,694,393.00	1.405	1.21	1,577,805.38	1,391,423.88	186,381.50*
9,701.00	2,309,576.00*	1.625	1.74	300,304.50	281,370.20	18,934.30*
1,684.00	179,935.00*	1.597	1.54	188,919.01	179,405.13	9,513.88*
5,130.00	3,757,356.00	1.185	1.22	657,411.62	722,668.59	65,256.97
5,176.00	2,866,672.00*	.7583	1.00	368,851.13	457,751.76	88,900.63
4,001.00	139,789.00*	1.785	1.595	219,961.80	194,318.87	25,642.93*
4,836.00	12,081,446.00*	.825	.733	855,741.82	671,756.65	183,985.17*
9,330.00	206,762.00	1.775	1.723	379,593.83	372,035.85	7,557.98*
Net Decrease		Average Tax Rate				Net Decrease
7,308.00	\$ 47,122,698.00*	\$ 1.0193	\$ .9932	\$ 7,104,898.31	\$ 6,454,954.92	\$ 649,943.39*



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription SEPTEMBER, 1924 50 Cents

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## As to Effect of Appropriations Through Initiated Measures

No new constitutional measures and amendments made to the constitution, there is no form of law which may be enacted and which as time rolls by may prove to be actually unsuited to conditions which arise, than laws which are adopted through an initiative of the people. What the people do adopt in the way of such laws remain in full force and effect until the majority of the people again act and repeal them. The legislature may enact an unwise law. If it is discovered to be such, another legislature can as quickly repeal it. But when a law is once initiated, the same interest which manifested to original promoters of the law, does not seem to arise in other quarters to cause its repeal.

It is possible that some portions of an initiated measure may dovetail into the existing code of laws, and harmonize therewith. It is just as possible that the contrary is true. Such measures may fit in part with the laws which are needed for an effective machinery of government, and may be so out of line, as to become an obstacle to future legislation needed to adjust that governmental machinery to a change in conditions. Some manner of activity which may seem desirable for the immediate present, may as time brings about more light upon the subject, become absolutely unsuited, and an obstacle to really necessary legislation upon the subject which may presently be put in the form of an initiated measure.

## Initiative Appropriations Will Be Expended Regardless of Necessity or Results

When initiated measures take the form of making appropriations for state purposes, and when those measures require that the money appropriated shall be used for those purposes, and when the measure which makes the appropriation also vests blanket powers in any state board to determine how the money so appropriated shall be used, then such an appropriation may actually "run wild," and may line up with what in the future will be found to be activities of certainly defined necessity, and as such require appropriations according to those necessities. A proposed appropriation of \$100,000.00 now included in a proposed initiative meas-

ure, in general relating to Colorado River investigations as to irrigation possibilities, is one of those measures which in view of the present uncertainties of the real public mind in Arizona as to how that Colorado River question shall be handled to the best future interests of Arizona, seems to be a premature attempt to force an expenditure of that amount of \$100,000.00 in such manner as the directors of state institutions may hereafter determine as being necessary, regardless of how the people may in its majority opinion to be rendered at the same election at which that \$100,000.00 appropriation will be upon the ballots for rejection or adoption. In short if that appropriation of \$100,000.00 is authorized, and if the power to expend it, as those powers appear in the measure are created, then subsequent legislatures, more enlightened as to just what is needed, both in the way of proper appropriations, and necessary activities specifically directed to present needs of Arizona to the end of preserving and protecting its rights in and to the waters of the Colorado River, will be obstructed by its presence as a law of the state.

## The Proposal Includes a Return to "So Much as Necessary" and Without Real Limit as to Purpose of \$100,000.00

The making of an appropriation of any amount, \$100,000.00 or whatever might be the amount, and at the same time permanently creating unlimited powers of determination as to how that amount may be expended will amount to a return to that policy, "of so much as may be necessary," and "as the officers may determine the purposes and amounts," which marked legislative appropriations in the early history of the state, and which later legislation has changed in laws now applying to appropriations, and which later laws have become more specific both as to the specific activities to be conducted, and the exact amounts to be expended for each activity. The "budget law," the "financial code," and other laws which have been enacted to wipe out the un-businesslike policy of unlimited discretion as to how and for what, public money should be expended, are laws which have met with the approval of

suggested, that the legislature still has it within its power to revise and amend the laws which have created new county activities and fixed definite amounts to be raised therefor in the counties.

The main point of interest to our readers is that if the ball is once started downhill towards a reduction in taxation, the same energies which have been exerted to make the start, if continued along determined lines, will keep that ball going. Such economy as may be attained and be consistent with required efficiency and real necessities of the public, and applied to matters of taxation and the expenditure of public funds raised in any manner as public revenues, is still a subject to be kept constantly in the public mind, if the financial burdens incident to the conduct of public affairs is kept within limits which are apportioned to the ability of the public to bear those burdens, without strain and drain upon private and public activities.

recent legislatures as being effective for purposes of economy and preventing waste of public money through expenditure for unnecessary purposes, and there seems to be no such urgent necessity for the initiated measure, that it should become a law and with it so becoming law, an abandonment to the extent of the amount of \$100,000.00 of those limits upon power to expend which legislative experience, and wisdom gained by experience of the past, has culminated in a repeal of similar laws, and the enactment of the new laws relating to specific appropriations, specific amounts for designated particular purposes.

The incoming legislature will have before it something in the way of an expression of public sentiment and public will, as its guide to legislations directed to Colorado River legislation. It will be more enlightened upon that subject, will know more of the necessities

for appropriation to meet those necessities. It will have all the power to shoot straight to the bull's-eye, both as to the matter of specifically needed legislation, and appropriations for required state activities upon that subject. The adoption of an initiated measure with its appropriation of one hundred thousand dollars, might become a barrier in the way of such found to be necessary legislation. So that the upshot of the whole matter is that the proposed appropriation of \$100,000.00 as proposed in the initiative measure is a "shot in the dark," as to what would be necessary to accomplish the purpose of that measure.

When the subject is ripe for legislation to protect and preserve the rights of Arizona, the character of legislation needed will be of such vital importance as to call for the thought and action of the keenest and clearest legislative

minds, and until such time as the subject can be given such legislative consideration, it is unwise to nibble at the edge by initiating a measure, which is inadequate, and which can only serve to hamper, impede, and prevent, a full and comprehensive handling of the subject of Colorado River legislation to cover the question of rights to be protected, and the manner of protecting those rights, with an appropriation accordingly. If any legislation is needed, the public will do well to leave that subject open and the way entirely clear that the subject may be covered once and for all.

The proposed \$100,000.00 measure certainly can serve no purpose, which cannot as well be served through enactments by future legislatures, and the better policy would seem to dictate that such legislatures should be left free to act and not tied down by the force of the measure to be voted upon.

## *The Figures of Taxation in the Counties of Santa Cruz and Graham Since Statehood*

The tables which follow show the amounts of taxes which have been levied in each of the counties of Santa Cruz and Graham for state, county, city and town, and special district purposes or each of the years since statehood.

The various amounts appearing in the columns of the table under the head of state taxes, are amounts as to which the local taxpayers of these counties have no direct control. The state taxes computed upon assessed valuations of property in the counties for the several years, has produced these amounts.

Under the headings of "general county purposes" the figures show amounts raised for the general expenses of the counties, including amounts raised for road purposes and for county school funds. In common with all other counties in the state, the aggregates of these amounts have increased since statehood. Increased salary lists for county officers; increased amounts required for common school purposes, due in part to the development of the common school system with the provisions of state law as to minimum salaries for teachers and requirements therein as

to numbers of teachers in each school according to numbers of pupils enrolled, will account in part for the increases in amounts required in above and other counties under the heading referred to above.

The matter of special district levies in the counties, and the matter of increased taxation in the towns and cities therein is a matter which may be controlled locally. Whether or not the allotments by state law required to be made to each school district from state school funds and county school funds of amounts in general intended to be sufficient to maintain the schools of each district according to standard in all school districts, are amounts deemed sufficient by the residents and school district boards of particular school districts, is purely a local matter under the present state of the law, and under present application of that law to special school levies of taxes for the school purposes of any particular school district in any county. Local boards of school trustees can require special levies or not according to their ideas of extra necessities. This Magazine has repeatedly suggested such a revision of the school

laws as would do away with any such optional levies. The figures of increase which have appeared in the items of increased taxes found under the head of "special district taxes," in tables of taxes heretofore published of other counties, and in the tables appearing with this article, is another reason for such a revision of our school laws as would insure uniformity of taxation for public school purposes. A uniformity in amounts allotted for expenditure in support of the schools, so that taxpayers of the state, having taxable property in any part of the state, and residents of other than the particular school district which now go into extra expenditures through the exercise of power to levy special school district taxes, would not be entirely at the mercy of the ideas of local school boards as to the amount of school taxes to be paid, as to the necessity of purpose for which those taxes are to be expended, such non-residents of districts at present having no voice at all.

Uniformity in the course of instructions in schools. Uniformity in the equipments, and mechanical facilities to be



used in connection with such instructions. And beyond all, an equality in the matter of determining of what the above uniformities shall consist, to the

end of equality in the burdens of taxation incident thereto, extended to all residents of the entire state regardless of where, with respect to particular

school districts, the taxable property of those residents may be assessed for taxation.

The figures referred to, follow:

### GRAHAM COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923.

Year	State Taxes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913.....	\$ 45,400.21	\$ 92,176.18	\$ 1,690.10	\$ 3,800.00	\$ 143,066.49
1914.....	46,363.72	92,553.45	8,349.57	6,384.00	153,650.74
1915.....	57,389.46	123,281.07	15,301.27	8,347.45	204,319.25
1916.....	43,121.56	118,548.30	22,433.46	8,971.68	193,111.00
1917.....	66,484.96	119,921.48	22,800.22	10,044.29	219,250.95
1918.....	51,344.67	148,767.88	23,730.72	11,511.49	235,354.76
1919.....	80,598.63	171,943.74	31,107.40	13,360.99	297,010.76
1920.....	66,076.35	212,139.88	59,095.53	14,401.17	351,712.93
1921.....	98,456.57	148,359.22	41,480.00	13,507.64	301,803.43
1922.....	63,650.13	173,477.81	43,452.00	13,493.55	294,073.49
1923.....	71,299.02	176,697.56	58,723.16	13,243.49	319,963.23

### SANTA CRUZ COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923.

Year	State Tax	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes
1913.....	\$ 28,921.69	\$ 79,753.74	\$ 7,741.33	\$ 20,900.00	\$ 137,316.76
1914.....	28,366.63	73,307.03	.....	21,142.69	122,816.35
1915.....	37,577.00	95,682.18	12,463.25	23,186.13	168,908.56
1916.....	32,155.20	100,484.98	20,375.00	41,189.52	194,204.70
1917.....	49,660.86	111,388.85	24,172.50	43,318.00	228,540.21
1918.....	41,416.49	115,817.49	30,317.80	45,639.19	233,190.97
1919.....	67,892.42	132,707.05	46,530.10	51,411.13	298,540.70
1920.....	60,711.67	160,956.24	70,820.40	54,961.78	347,450.09
1921.....	95,045.96	213,267.52	73,715.25	65,890.23	447,918.96
1922.....	61,270.41	190,538.96	46,450.47	73,775.53	372,035.37
1923.....	70,856.04	219,961.80	51,109.03	86,669.25	428, 596.12

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# THE ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME ELEVEN

PHOENIX, ARIZONA, OCTOBER, 1924

NUMBER TEN

## BONDS ARE PUBLIC BURDENS WHICH SHOULD BE ASSUMED ONLY FOR INDISPENSABLE PUBLIC NEEDS

The private citizen borrows money only for actual necessities, indispensable to private needs therefor. The public should follow the same rule in assuming the public burdens incident to bond issues.

The private borrower takes stock of present debts before assuming more. He looks to present resources and ability to make good under present loans, before branching out into additional activities undertaken upon borrowed money. The present bonded indebtedness in Arizona of its counties, cities, towns, and school districts, approximates \$42,000,000.00. The indebtedness of portions of the public for reclamation projects, irrigation districts, power districts, and other special districts, amounts to another \$35,000,000.00, of bonds issued, sold, or on the market for sale at the present time, and of debts due the United States for advances towards reclamation projects. The public debts represented in above figures represent an annual interest burden of nearly \$4,000,000.00 in taxes in Arizona.

\$3,500,000.00 of public bonds, to be issued for a non-essential highway towards California, lacks all the essentials of good business principles, either of private or public business. Such an issue would increase the present tax-burdens. Would deplete the taxable property of the state, through exempting that amount from taxation. Would divert public funds and public credit from more needed projects. Any benefits to the public from such an issue are speculative and problematic rather than real.

The Arizona public looking to economy and reduction of taxes should turn a deaf ear to propositions to pledge its credit and assume bond burdens, when those projects do not stand the test of being real and indispensable necessities of today, and so necessary to the whole public, rather than of special benefit to a selected portion thereof, who may be transients, tourists, and non-taxpayers.

**NO STATE BONDS EXCEPT FOR INDISPENSABLE PURPOSES AND NEEDS OF THE  
WHOLE PUBLIC OF ARIZONA,**

is a slogan to be used, and means to vote "NO" upon the proposed \$3,500,000.00 amendment for a special highway to California.



## EDITORIAL COMMENT

### Portions of an Address by Hon. Rudolph Kuchler, President of the Western States Taxpayers' Association, Delivered at its Second Annual Conference

The Western States Taxpayers' Association held its second annual conference on October 6th and 7th at San Francisco. Representatives from eleven states were present. The purposes of this Association are so closely analogous to the purposes which have prompted the continuance of this Magazine for a number of years, that it will be of interest to our readers if there is presented quotations from the address of the President of that Association, the Hon. Rudolph Kuchler, of Phoenix, Arizona, formerly State Tax Commissioner, and whose connection with this Magazine, and the work of the Arizona Taxpayers' Association, is well known. Had Mr. Kuchler's address been headed "The causes of excessive taxation and the remedy thereof to the end of tax reduction," the portions of that address given below, would become the ground work around which to fill the details through action by the public. He said, in part, as follows:—

"Each of the States which are represented here are undoubtedly confronted with local problems, which are of great interest to the taxpayers. The progress of each state is marked by the co-ordination of natural resources with personal efforts, in each and every state. "Government" must continue in perpetuity, and to support activities in governmental objects and purposes and necessary to the desired ends, **taxation**, either direct or indirect is now, and at all times will be **indispensable**. Taxation whether direct or indirect is a burden upon industrial pursuits. On the road towards a development of the state, that burden of taxation must be carried by the public as a whole. Whether the burden of taxation is heavy or light, it is at all times a factor in every economic business and industrial problem, which now, and will hereafter confront our people as individuals and collectively as the public.

"Viewed in the light of the foregoing axiomatic statements, **true government** cannot exist without **taxation**. Nor can governments be supported except through some **industrial efforts**. The **benefits** of the one can exist only as a **burden** upon the other. The relation between all problems of taxation and

every industrial condition is thus direct and obvious. There can be no intervening element of big business or little business, of mass, class, favored few, or favored many, in any purely unselfish attempt to analyze attendant conditions which at present must be so analyzed, **to relieve**, if it is possible to afford such relief, the industrials of a state from a constantly increasing burden of taxation. There can be no doubt that it is axiomatic, that every question of unnecessary burden of taxation affects each and every citizen of each state, just as surely as that citizen would be affected, were the wheels of government to clog in their efforts to run, or be temporarily ineffective, or suspend entirely.

The question of taxation is so closely allied to the **prosperity, progress, wealth and happiness** of our people as a whole, as to be emphatically a direct question of personal interest to each man, woman and child, as directly so as would be the question of any attempt to attain the same ends without government itself.

"On all sides it is apparent that the public has concerned itself with the question of taxation. All seem to accept as true that public taxes have reached a stage, beyond which, if increases continue in the future, at the same proportionate rate of increase as in the past, the actual truth of the saying, that: **An unlimited power to tax if exercised to its fullest extent, includes the public power to confiscate private property for public purposes, will come to pass.**

In the main, it is my firm belief that the true angle from which to approach anything like results in lessening the direct tax burdens of the taxpayers of the states, is to make that approach by considering the real necessities of and for an efficient government, following that consideration with a carefully considered estimate or "budget", as to the items of cost, of the purposes, objects and required public duties and powers in such a government. With each such requirement carefully worked out, a sure foundation will be laid. A measure of actual requirements created, **from** which and **with** which, to go at such a revision of existing public activities, that with every-

thing found to be unnecessary therein eliminated, with the cost thereof deducted from present aggregates of cost, the burden of taxation will automatically decrease itself. In other words, first ascertain what are the **indispensable necessary** public activities, then ascertain and provide a sufficient amount of public funds to carry on those activities, and a point will be reached beyond which no further eliminations can be made, nor further reductions in amount of money required therefor possible.

"We are assuming in connection with the statement above made, that in each and every public activity so found to be indispensable, every business rule of the rules of good business will be used and applied in connection with the use of the funds provided. The necessary activities of good government, selected as such with a view of actual efficiency in government, coupled with a carefully planned budget as to the cost of those activities, coming first with a full sanction of the people, of the representative legislators of the people, followed by such action on the part of administrative officers, departmental heads, and institutional boards, as in turn will be marked with such rules of economy, rules of strict **private business methods** applied to **public business**, will finally result in **efficiency** in government, in economy in governmental costs, and without in the least impairing the road to the ideal in real government as it should exist and continue, will at the same time remove the present strain of excessive taxation now felt in all industrial activities of the citizens of our states, be those particular activities what they may.

"More and more we hear an expression of the people to the effect that a return to the first principles of government is really desired. The burden of regulation, with a consequent curtailment of hemming in, of what to many is felt to be their heritage of personal liberties, or of use of property, the sanctity of the home, of the family and of private affairs, from the scrutiny, investigation and final publicity, now the result of many salutary laws, is a burden that to **many** is obnoxious. If, in an attempt

to reconstruct public activities, that attempt is made along the lines of going back to first principles of government, and if such an attempt includes an abolishment of many regulatory laws found to be undesirable and unnecessary, that same attempt will certainly abolish the many offices, departments and boards and dispense with the services of many officers, assistants and employees, whose present activities are wholly devoted to enforcement of such laws so to be abolished. And therewith would occur a consequent reduction in tax burdens.

If, as a starting point, the first principles of government be again considered, no more concise statement of such principles of government purposes can be found than in the words of the preamble of the Constitution of the United States. Those words: **"IN ORDER TO FORM A MORE PERFECT UNION, ESTABLISH JUSTICE, INSURE DOMESTIC TRANQUILITY, PROVIDE FOR THE COMMON DEFENSE, PROMOTE THE GENERAL WELFARE AND SECURE THE BLESSINGS OF LIBERTY TO OURSELVES AND OUR POSTERITY,"** provided the ground-work for the **greatest government on earth**, and embody with **no omissions**, everything necessary to a perfect and ideal government. The framers of that constitution, deemed it necessary that a three department government was absolutely indispensable.

The legislative, the executive and the judicial. Each supreme in its special department, all co-ordinating to a perpetuation of the rights declared under that Constitution.

"From above foundation each state in our union of states has, by similar declarations as to the essentials of a truly democratic form of government, made similar indispensable distributions of public powers.

The main scheme as to the necessities of government has remained unchanged for over a century. Those necessities, whether applied to federal, state, county or municipal forms of government have included the legislative department to enact the laws; the courts to construe the laws; executive officers to enforce and administer the law. \* \* \* \*

"Beyond that ground work for governmental activities thus wisely provided, there has been appended and attached so many side structures, that it may be possible, that the **real** essentials have been lost sight of, or obscured to such an extent that people may now believe it is to be actually required that successful governmental activities can be carried on only through side agencies, in the form of Commissions for this, and boards for that particular activity, and fail to ser-

iously consider the availability of the old time-tried and tested tools of government, the **legislative**, the **executive** and the **judiciary**. They fail to appreciate that within the powers of those departments every problem as connected with public affairs, necessities and requirements could yet be handled, even were many special departments, boards and offices for special purposes abolished entirely. \* \* \* \*

"If the public has gone **"bond issue mad"**—If from the influence of a war period a more or less reckless disregard of the values of money, or indifference as to the final day for settlement of public debts presently created, that same may be now luxuriously enjoyed by a pleasure controlled element of our people, whose idea of life may be that they live today and let the future take care of itself. If any such condition of public sentiment at present controls the use of **public money**, or the **issue of bonds**, or the **pledging of the future credit of the public**, or otherwise exists as a reason for the increased aggregates of the public expenditures, **then**, the first remedy to be suggested is that the public mind must get back to a realization of the real conditions now existing, must come to a full comprehension of what will result if the people do not at least retrench to the extent of lessening their demands made for public activities along lines that approach public luxuries, rather than confined to real public necessities.

"Just as the waves of the Radio now permeate every hitherto inaccessible portion of our country, the **burdens of taxation**, no matter by whom first paid or carried, permeate every private activity. No individual is immune from a direct or indirect contact with the burdens of taxation, at some point in the daily affairs of that individual. There

may be those who do not realize the effect of their actual connection with public expenditures, nor appreciate the real extent of financial burden by them borne as the inevitable result of those expenditures. **Science** has developed a control of the waves of electricity which make possible the Radio. **Education** through the efforts of such organizations as ours will develop a control of the aggregate of public expenditures, and bring those expenditures to a minimum consistent with desired efficiency. The **elementary course** in that education of the entire public must be such as to bring home to all members of the public, the fact of a common interest in a commonly excessive cost of present public undertakings due to the sharing in common—and finally paying in common—some portion of that cost.

Thus, I suggest to this meeting that if no other results come from what is here said and done, than that of bringing forcibly to the mind the mutual interest which each industry of the states, which are here represented, had in common with each other—And to impress upon the public the existence of a mutually individual and private interest in the question of taxation, long strides will have been made towards an education of the people, as to the real angle of approaching a solution of the problems of high taxes and excessive burdens of cost in public affairs. \* \* \* \*

I have faith in the united intelligence of an American Public. Such faith as prompts me to believe, that from it all and with a more enlightened understanding as to real causes and real effects, the citizenry of our different states will finally solve, wittingly, justly and unanimously every complexity of any situation, which may now affect the welfare of their respective states.

## United We Stand---Divided We Fall

The government of the United States is a government of the people, by the people. A good many people are in the habit of passing along those questions which are of conspicuous importance to the welfare of the whole public, to the government. Let the city do it. Let the county do it. And finally all else and everything else failing, they say: "Let Congress do it." In the position so taken, the individuals who take that position are in a sense, shirking their individual duties as a citizen. Every time any citizen who has in mind some important subject, question as to public af-

fairs, as to which the whole public are known to be more or less divided into "pros" and "antis", and who fails to get out and express the individual position taken by that citizen upon that public question, that citizen becomes a shirker. He goes to sleep at the switch, and lets the train of public affairs take such course as directed by more active citizens, who are keen to act upon their ideas, and if in the end, that citizen finally awakens with a dull thud, and finds that the course taken, is entirely opposite to the course which he expected would be taken, and finds also, that some in-



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription OCTOBER, 1924 50 Cents

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dividual right, dear to him, necessary to his welfare, and the welfare of his family, have been invaded, this awakening often causes a disgruntled feeling, which is given expression in tirades against the powers that be, meaning no more and no less than the government, city, state, county, or national government, under which he lives, and of which he has been a silent member of that government, and being so silent, has worked to his individual detriment.

Our government is ultimately a government the activities all of which are conducted by public officials, chosen by a majority of those who do speak, and by their votes, announce their desires as to what those public activities shall be. If only a small portion of the entire public do so speak their unit will upon public questions, then it often happens, that an active, working, and voting minority, shape governmental affairs, policies, and so speak what will become "the will of the people", and do so contrary to the real ideas, and what would have been that same "will of the people," had every citizen fulfilled his or her duty, and voted according to individual conviction,

upon those same questions of public concern.

### An Active Minority of Actual Voters Often Control Public Affairs When A Majority Fail to Vote

Following out the above statement by an illustration in figures which could produce the above unfortunate results, it can be said that in a community where there were one hundred thousand qualified units, of and for the control of governmental affairs of that community. There comes before that community a question of bonding its property, for some public improvement. Such a bonding cannot be authorized except through the result of an election, at which the entire public, every individual of that one hundred thousand people, who represent the elective powers of that community, have a right to speak an individual will as to such a bond issue. The election is called. The ballots are counted. The result is, that the majority of those ballots, whether for or against the bonds, controls the question of the issuance of the bonds. Should only fifty per cent of the entire voting strength of that community, actually speak by voting, then it would be possible for twenty-five thousand and one voters, speaking for the bonds, with twenty-four thousand, nine hundred and ninety-nine, voting against those bonds, to voice what would be the public will of that whole community, and so with one vote over one-quarter of what is of vital importance to the entire four-quarters of the voting public, a public indebtedness will be created, which in its results will impose additional taxes upon all the taxable property of that community, in the way of direct taxes, and impose indirect burdens incident to those direct taxes, upon every business man, every wage-earner, and in fact upon every citizen who lives in that community.

The foregoing illustration is not an exaggerated one. Let our readers examine the actual vote upon such bond issues which have been voted, and which affect their particular cities, towns, school districts, counties, and other special districts which have authority to vote for and issue public bonds. The actual facts, and actual averages shown by the figures, will enlighten the public to the fact, that not over twenty-five per cent of the entire voting public have expressed their desires as to bonds or no bonds, and so in actual averages of actual results, one-eighth of the interested public, plus one vote, has created the present bonded debt of the various branches of government in Arizona.

### The Individual Should Be Awake and Act as Such to Protect His Individual Rights.

There is before the public a proposed amendment to the state constitution under which it is proposed to bond the state for \$3,500,000.00 for the purpose of constructing a highway to the Colorado River, from the Hassayampa River in Maricopa County, to Ehrenberg.

This is a question which concerns every citizen of the state. The burden of this bond issue, should the measure carry, will confront the entire public for some twenty to twenty-five years to come. If any of the present public have been aroused to the sense of their duty to speak upon such questions, through finding their taxes increased on account of bond issues already voted upon at elections, at which they did not speak at all. If the present public, are already confronted with taxes due to interest to be paid, and redemption funds to be provided on account of bond issues already outstanding, to such amounts as individual taxpayers are made to strain and strive to pay those taxes, all imposed upon them while they slept on their rights, the lesson should be remembered and these taxpayers should not be caught asleep again, and permit a meager minority, active and awake in favor of the \$3,500,000.00 bond issue, to again catch these taxpayers napping. It is unfortunate, but is often true, that those who are most energetic and most active in the promoting of public bond issues, are not required to be as active and energetic in acquiring the money required of the real taxpayers to carry the burden of bond interest and redemption funds. These promoters are keenly aware of the fact that many taxpayers are "Rip Van Winkles", as to such questions. And due to that fact, they act upon the advantage which runs in their favor. If those promoters of public bond-issues have a private axe to grind, in event a bond issue is successfully promoted, they continue to grind while real opponents of such schemes are peacefully indifferent to the issue presented for public action.

In this article, the real interest which every individual member of the public, whether a direct taxpayer or not, has in the proposition to bond the state for \$3,500,000.00, can be extensively commented upon. In brief, if your food, your clothes, your supplies of any kind, be they what they may. Your rents, and all your living expenses, whatever those expenses may be, are, Mr. Individual Voter, indirectly increased with every increase in public expenditures, which call for increased taxes from those who pay direct taxes. So that if through your indifference and silence you permit a

\$3,500,000.00 bond issue to be voted by a voting minority, or in event you vote in favor of such an issue, in either case you are putting a burden upon your earnings, income, wages, or other sources of your private profits from your personal activities, and this burden will indirectly assert itself in lessening the purchasing value of every dollar expended by you from that income.

**If All Individuals Vote Their Own Will  
Then a Majority Becomes the Real  
"Will of the People."**

So, Mr. Individual Taxpayer, and you,

Mr. Individual Voter, if you are opposed to more bond issues, through being opposed to increasing public taxes for non-essentials, just quit being Rip Van Winkles, arouse yourselves from your slumbering indifferences as to the subject of bond issues, and increased taxes, and come out to the old voting place, and speak your will, and by so doing do the only act which you can do, towards defeating a measure which in your mind

should be defeated.

United we stand, divided we fall. If all taxpayers, and all individual citizens, stand shoulder to shoulder in favor of economy, stand together against unnecessary use of public funds, then the will of the people as expressed through such a united action, will be a real expression of a real majority, and there will be no more tax burdens inflicted upon the entire public, through the actions of a bare minority of those actually interested.

## *Thoughts From Roger W. Babson Upon Excessive Highway and Other Bond Issues*

Among the prominent men of the country whose words are received with credence as being authority upon financial questions of the day the Honorable Roger W. Babson of Boston, Massachusetts, is one. His writings upon those questions are sought, received and read, in connection with the prominent newspapers of the day. Consequently, our readers will profit to the extent of having his views upon the question which is challenging the attention of the public of nearly all of the states, a question of particular interest in Arizona, where highway bonds have been issued to the limit by counties, and where it is now proposed to authorize a state issue of \$3,500,000.00, through special amendment to the state constitution giving that authority. In a recent interview, Mr. Babson said:—

"Whether or not state, county, city and town bonds will continue to be issued as tax exempt securities, only the future can tell. Unless their rate of issue is curtailed, taxes necessary to pay interest and retire them will bankrupt the farmers of this country.

"The present increase in taxes which results from the demand for these non-taxable bonds is raising havoc with land values, the cost of farm products and rural conditions in general," says the statistician.

"Thus far tax exempt municipal bonds have the best record of any class of securities; but wise investors are now purposely putting a portion of their funds into taxable corporation bonds.

"They believe that if this wild issuing of state, county, and municipal securities continues, tax payers will ultimately revolt and defaults will follow.

"The real cause of the recent increase in such taxes," continues Mr. Babson,

"is the great increase in road building; due, of course, to automobiles.

"Automobiles are all right and the industry is here to stay; but we must not go tax crazy. If we do we will kill the goose that is laying the golden eggs.

"Considering that all roads were rough and muddy a few years ago, we should be satisfied with a reasonable improvement from year to year.

"We will have all concrete, asphalt, brick and other hard surface roads in due time; but let us have them with moderation.

"There is no sense in struggling and economizing to save money for our children with one hand, while we burden them with debt with the other.

"In deciding whether or not to issue bonds, a community should not be content to consider merely the amount of the bond issue.

"The first cost of a white linen suit may be less than that of a dark thin worsted; but at the end of a few years, after the laundry bills are paid, it will be found that the 'cheap linen suit' may have cost \$100.

"The same principle applies to the spending of money for public improvements. A county may well afford to spend \$10,000 to eliminate a dangerous railroad crossing, which when built is done forever.

"The same county may, however, not be justified in spending money for surfacing a road if a continual annual expense will be required to maintain this road after it is built.

"The original cost of a highway is only the first cost.

### **Spending Borrowed Money**

"The great need of life is for us to have all things in their proper propor-

tion according to our income and requirements. Moreover, we should use special care when spending borrowed money. Debts can ruin communities as well as individuals.

"There is only so much money in the country and this can be used either for paying taxes or for building houses and buying clothing for the children.

"Prosperity comes with a proper distribution of our labor and purchases. Let us begin at once to give less money to the tax collector and more to the local merchants who are the backbone of American prosperity. Then the Babson chart should reflect an improvement in general business activity which is now running at 9 per cent below normal."

The foregoing quotation from Mr. Babson, speaks volumes in a few words. He touches many phases of the question of public bond issues. In terse, simple, and plain English, each paragraph opens and closes the particular subject of that paragraph. This Magazine has attempted in this and in other issues to cover those same subjects, has detailed and enlarged upon them, where the quotation above is short and to a controlling point in each question presented as bearing upon the general subject considered. We hope our readers will take time to read and consider the simple truths brought out above, and for reason of the very simplicity thereof, store each of the thoughts away for use in connection with future action to be taken by those same readers, when questions of more public bonds are presented to them for elective action. The suggestion is to read, remember, and finally act accordingly, for in no question connected with public finances is it more true as Mr. Babson says:—

"The real cause of the recent increase



in taxes, is the great increase in road building."

And the allusion to the future effect of bond issues, voiced in the words:—

"There is no sense in struggling to save

money for our children with one hand, while we burden them with debt with the other."

Fully appreciating the fact, that bond issues voted by the public of today are

debts created for payment by a succeeding generation. We borrow for the luxuries of today, and leave the debt of that borrowing for payment by our children and grandchildren.

## *How an Additional Bond Issue of State Bonds to Amount of \$3,500,000.00 Would Effect Taxes in Counties*

This Magazine has many times called the attention of its readers to the prevailing policy of the state as to issuing bonds for highway purposes, referring to the powers of the counties to issue Highway Improvement bonds, to such amounts as would be approved by the qualified property taxpayers of each county. Has called attention to the fact that under this policy the different counties have already bonded for highway purposes to the limit of what would meet with the approval of such voters in each county. After reaching the end of the rope, so to speak, along the lines of that policy, an element of the public whose desires for highway improvement exceeds that limit already reached so far as conservative minded taxpayers would act in counties, comes forward with a proposition to put a blanket of \$3,500,000.00 in state bonds upon the quilted covering of county highway bonds, already spread over the separate counties. No matter how much the taxpayers might be called upon to sweat under this extra weight of cover, nor without reference to how much of that burden of extra taxation which would be brought about through an additional state bond issue of \$3,500,000.00, the promoters of the idea might pay in individual taxes, those promoters are for "putting it over" regardless of the consequences. Those who may not appreciate just the result, and just the effect of that result upon their own taxes, how much their present taxes would be increased through such an issue of \$3,500,000.00 of bonds, may receive some suggestive thoughts through reading this article.

### **Maricopa County Already Bonded to Limit for Highways.**

Inasmuch as the proposed highway to be constructed with such bond money, starts in Maricopa county, and the prime benefit of the whole route as proposed, is intended for a direct hard-surfaced highway all the way from Phoenix in Maricopa county to Los Angeles, the first thing to be considered in working out the thought above suggested is to ascertain what the increased costs will be to the taxpayers of the county of

greatest possible direct benefit from such a highway. The total tax rate in Maricopa county for the present tax year, upon the tax rolls for 1924, is one dollar and twenty-one cents upon each one hundred dollars of assessed valuation of the property in Maricopa county. Out of a total of \$1,387,250.00 of taxes raised for general county purposes, included in the above rate, is the sum of \$500,000.00 raised for interest upon "County Highway Bonds" issued by Maricopa county. Or, to produce that \$500,000.00 forty-three and seven-tenths cents per hundred of the assessed valuations is included in the total tax levy rate of one dollar and twenty-one cents. If a bond issue of \$3,500,000.00 were voted for state highway bonds, then under present assessed valuations in this state, Maricopa county would be compelled to pay the burden of Seventeen Dollars and sixty-nine cents, out of every one hundred dollars of what that bond issue would finally cost the entire state. The portions of that bond issue so placed against Maricopa county would equal \$619,140.00. Under the law which is made a part of the proposed constitutional amendment to authorize this bond issue, the bonds could run for twenty-five years. The interest at not to exceed five per cent per annum, and four per cent of the principal of such bonds, must be raised each year until the bonds are paid. The taxes of Maricopa county would be increased by \$55,722.40 per year on account of interest and redemption fund taxes upon such a bond issue. This means, that the farmers, the business men, and all taxpayers of Maricopa county, would ultimately be called upon to pay \$1,393,065.00, as the share of that state bonded debt. In the above figures no account is taken as to interest which might be received by the state for deposits of redemption funds. To off-set any such figures, nothing is said at all about the cost of maintaining the highway itself, during a period of twenty-five years. On the one hand, if the entire amount raised for redemption in any year, were deposited at four per cent interest, the entire production would not exceed \$5,600.00. Facing a maintenance of over

one hundred miles of highway, for a period of twenty-five years, a meager fifty-six dollars per mile is what the result would be. In fact, it is certain that the maintenance of such a highway would far exceed any return from investments of unused redemption funds, and the difference would be an added tax for Maricopa county taxpayers to pay as the years rolled by. The pertinent question to be answered by the taxpayers of Maricopa, is one, similar to the question of old. "Is the whistle worth the cost." Or, like the small boy, who finally found out that he had "paid too much for his whistle," would the taxpayers of Maricopa county finally awaken to the fact, that if they help vote such a \$3,500,000.00, bonded debt they will be incurring an additional tax burden, for something of no practical benefit to them. Once the whistle was bought, the boy had no more money. He could take such enjoyment as he could find in continuous whistling. Once the bonds are voted, the taxpayers are out their money, and will be obliged to whistle to keep up their spirits as they continue to pay for something which is of no more real necessity to the industrial welfare of Maricopa county, nor to the state of Arizona at large, than was the story boy's whistle. The controlling difference is, that the boy had the money to pay for his whistle, and the taxpayers will borrow the money, and afterwards without any possibility to escape therefrom be required to pay out in full regardless of results, and regardless of any real benefits to the taxpaying public of the present or the future.

### **Cochise County Taxpayers With No Direct Benefit Would Be Heavily Burdened With a \$3,500,000.00 State Bond Issue**

Next in importance from the standpoint of the portion of ultimate cost to it of the proposed bond issue, is Cochise county. That county is one of the most remote in point of any benefit from use of the highway as proposed to be constructed from a bond issue of \$3,500,000.00. But next to Maricopa county it stands second in assessed valuations of prop-

erty. It would be called upon, should present assessed valuations continue, to pay Seventeen dollar and forty-two cents of every dollar of the principal, and contribute a like amount to each dollar required for interest payments and redemption fund payments, and assume its share of the burdens of maintenance of such a highway in like proportion. Cochise county already has its highway bond burdens, and is confronted with real necessities for local highways. Do the taxpayers of Cochise county wish to contribute some \$1,390,000.00 during the next twenty-five year period, to the end that "week-end" parties may ride in luxury over a new highway constructed to link Phoenix with California, designed for through travel, and of no local benefit to portions of Arizona traversed by the new portion of the route to be built at an expense of \$3,500,000.00 to taxpayers of the state.

**Yuma County Has Already Bonded For One California Route Highway**

Yuma county stands in a different position as to the bond issue proposed, than any other county. In the present year out of total county taxes raised in that county amounting to \$373,054.00, there is the sum of \$106,024.00 which is raised to pay interest and redemption funds upon highway bonds issued by that county. In addition thereto, Yuma county has funding bonds outstanding, which annually take an additional \$20,000.00, for interest and redemption funds upon those refunding bonds. Prior to the issuance of highway bonds, Yuma county found itself largely indebted on account of unpaid highway warrants which had accumulated for several years. Substantially all of the indebtedness represented by the funding bonds, was created in connection with highway work in that county. That means that out of every one hundred dollars raised in direct taxes for county purposes of Yuma county, thirty-four dollars is needed to pay interest upon county bonds which are substantially all for highway purposes. Yuma county has expended its funds liberally, and at above great expense to its taxpayers, for the purpose of aiding in the construction of a direct state highway, which joining that portion of the "Borderland Route" leading from Phoenix towards Yuma county line, would serve its residents along the valley of the Gila river with every day needs for good highways, and at the same time become a direct, short, and through route from Phoenix to San Diego, and connecting with paved highway systems leading into Los Angeles. This highway is a completed fact. It serves every needed purpose of a highway from the southern portions of Arizona to California. It stands

ready to serve all travellers from Cochise, Pima, Graham, Pinal, Maricopa, and Yuma counties who desire a trip to California points. Portions of the Borderland route, which lead east, south, northeast, and southeast from Phoenix, are already constructed and join the line from Phoenix on to California. Santa Cruz county travellers can reach Phoenix in six hours over good highways. Tourists from Tucson, can make the trip to Phoenix in four hours. Tourists from Bisbee, Douglas, Tombstone, and intermediate towns, can make their trips and the added distances at the rate of thirty to thirty-five miles per hour. All up to the maximum rate of speed allowed by state law either in Arizona or in California.

**Travellers From All Portions of Arizona Can Connect With Present Highway Through Phoenix and Yuma to California.**

Travelers from the more northern portions of Arizona, have a choice of routes to California. They can follow the Santa Fe and cross the state line at Needles upon a bridge already in service. If those travelers desire to see Phoenix, the highways through Yavapai, Cocino, Navajo, and other northern counties, are so planned, and for the major portion so constructed, as to furnish a choice of routes to Phoenix. The same situation exists in Gila county, with the Apache Trail route to Roosevelt Dam, looping around through Miami to Globe, and back through Superior, Mesa, Tempe, into Phoenix. All good highways. All planned and constructed as a part of a state system to serve the industrial needs of Arizona, as well as to be of incidental benefit to pleasure seekers, and tourists generally.

It has been stated that approximately twenty-five per cent of the entire public revenues in Arizona, are being used in highway construction, and highway maintenance. Is it an appropriate time, are general financial conditions so fixed and stabilized, that the public can afford to increase that proportion, through state bond issues, or further to be assumed public indebtedness to be secured by tax-exempt bonds. Let the Arizona Public open its eyes clearly to the real facts. Let the farmer, the rancher, the cattleman, the sheepman, the merchant, the manufacturer, and let every resident of Arizona, who may be struggling with problems of meeting interest payments upon private loans needed to advance the individual activities of each of them. Let every energetic and hopeful citizen of Arizona, who is willing and who has taken a chance upon the future of Arizona, and who to advance the growth

of private wealth, and thus increase the taxable wealth of the state of Arizona, and who goes in debt to that end, consider in connection with the eight, ten, and even higher interest rates that citizens must pay for private loans, the two, three, and even more per cent of present direct tax rates, which are now imposed for public purposes, including, state, county, city and town, school district, and other public district purposes; and let that citizen consider also the fact, that every dollar in public bonds which is voted and issued, becomes a dollar so invested as to be tax free, and tax exempt. Thus sharing no portion of the public burdens borne by that citizen. Let the resident of the cities, whose desires for city improvements, has caused him to enter into paving districts, and who is now paying some forty dollars per year for the paving which passes the home in which he lives, who is paying this amount in addition to all general direct taxes. Let that citizen stop and consider the loads of taxes, interest, and loan burdens, both private and public, which now bear heavy upon his efforts to advance through private activities for individual profit, and let that citizen ask the plain question of whether it is desirable for him to voluntarily act in such manner that by so doing the present burdens become greater, become fixedly greater and also become a continuing fixed additional burden for a period of years to come.

**Build Up and Develop the Interior of Arizona Rather Than Build Another Exit to California.**

Our private desires may lead in one direction that of extravagance and luxury. Our good horse sense and business judgment may serve to check those desires, and confine them to what may be really essential and really necessary to our every day needs of the present. In the course of experience, it has been demonstrated, that real progress, real success, and real advancement, whether of private individuals or of the public, has come about through the use of fixed, conservative and determined efforts. Through confining expenditures to real needs, as distinct from expending to meet the whims of the minute in luxurious indulgence. The whole public in Arizona are struggling to progress and develop. Its necessary public activities may require extra burdens in taxes as a means to the end of that progress. Highways for necessity produced through a real development in the present industrial requirements of the state, may be public necessities for the present. But highways of other classes, such as the one proposed in connection with an issue



of \$3,500,000.00 of bonds, and which are purely for purposes mainly centered in a desire for luxury, should not be considered and should not be permitted to be constructed, when the money for that purpose must be borrowed by the public.

The people of Arizona have all to do that can be done, in building home roads. To build up Arizona. Arizonans

have no real purpose in contributing to the upbuilding of irrigated districts around Blythe, nor other districts in California adjacent to the line of the California highways which would connect with the Ehrenberg route constructed to the Colorado River at the Arizona state line, as proposed in the proposed bond issue amendment. There are irrigated districts in Arizona open to new settlers.

Let Arizona direct its efforts toward turning the thoughts of tourists through Arizona as to the real possibilities of such districts, rather than pave the way for directing those same tourists to the possibilities in California of similar nature.

This Magazine urges the public to vote "NO" upon the proposition of \$3,500,000.00 of state highway bonds.

## Taxes in Navajo and Apache Counties Since Statehood

For several months this Magazine has published the figures showing the aggregate of taxes paid in the several counties of Arizona since statehood, and the two last counties in order of assessed valuation, are Navajo and Apache counties.

In Navajo county the figures of increased taxes as between those for tax year 1913, and 1923, show approximately a hundred per cent increase. Except under the heading of city and town taxes, where the increase is twelve hundred per cent. This latter increase is one controlled entirely by the inhabitants of the various towns of that county, any reduction in taxes in such towns must be worked out locally.

In Apache county the average increase in general county and school taxes is less than one hundred per cent. Under the head of special taxes there appears a reduction from \$19,140.74 in 1913 and the \$2,380.00 of special taxes raised in 1923. Apache county has no incorpo-

ated town or city. Yet its small towns unincorporated seem to get along and function as well as other towns of similar size in the state, where local city and town taxes have been constantly increased during the ten years covered by the tables which follow.

A summary of the whole tax situation which applies generally throughout the state seems to be, to get all possible out of state taxes for local distribution in counties. Raise the limit in the counties, supply as much more as possible through special district levies, bond issues for the schools and highways made by counties, and add to it all, taxes for numerous city and town purposes, of more or less doubtful real necessities to the public. And after having gone all around the circle and increased the general burden of taxes many fold during the past ten years of the state's existence as such, and with the public striving to devise ways towards reduction of those taxes, there

are still those among the public, who would start around the circle for another trip towards increased taxation, through the authorization of a state bond issue of \$3,500,000.00 for a highway of local benefit to portions of the citizens of the state, but of no real importance to the taxpayers of the state at large, except the important fact, that the construction of such highway would increase the taxes of all taxpayers of the state.

Having gone around the circle for ten years, economists of the public will hasten a reduction in their taxes, by looking backward to discover where public expenditures have been increased without appreciable resulting benefits to the public during that ten year period, rather than continuing to increase expenditures and incident tax burdens, for another ten years and more, without taking a backward look to discover places where reductions could have been and still may be made therein.

### NAVAJO COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923

SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923					
		General County	Special District	City and Town	
Year	State Taxes	Taxes	Taxes	Taxes	Total Taxes
1913	\$ 34,976.65	\$ 99,277.16	\$ 32,195.32	\$ 4,883.53	\$ 171,332.66
1914	33,610.32	75,151.17	12,674.46	7,981.00	129,416.95
1915	43,940.46	100,086.61	17,422.00	14,886.00	176,335.07
1916	34,441.51	90,408.97	28,224.00	15,736.00	168,810.48
1917	54,608.39	111,809.39	46,762.80	21,431.00	234,611.58
1918	42,611.01	136,573.76	59,616.86	19,734.13	258,535.76
1919	66,870.86	181,665.83	69,124.29	23,018.69	340,679.67
1920	58,682.45	142,691.02	73,525.08	35,251.17	310,149.72
1921	88,663.38	217,465.00	48,645.00	39,136.00	393,909.38
1922	58,107.88	175,462.99	45,701.00	45,200.13	324,472.00
1923	68,020.31	188,919.02	61,878.00	51,640.99	370,458.32

### APACHE COUNTY

#### SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923

SUMMARY OF TAXES FOR ALL PURPOSES FOR THE YEARS 1913 TO 1923					
		General County	Special District	City and Town	
Year	State Taxes	Taxes	Taxes	Taxes	Total Taxes
1913	\$ 29,749.48	\$ 84,440.44	\$ 19,140.74		\$ 133,330.66
1914	27,750.20	84,497.81	2,796.58		115,017.59
1915	34,459.71	80,405.98	1,074.42		115,940.11
1916	26,546.29	79,638.88	1,741.91		107,927.08
1917	41,315.37	89,967.13	4,855.31		136,137.81
1918	33,545.33	100,635.99	4,257.02		138,438.34
1919	51,743.89	117,286.15	6,489.78		175,519.82
1920	44,630.56	136,710.46	5,717.82		187,058.84
1921	66,678.15	170,805.67	3,480.00		240,963.82
1922	44,759.22	130,767.14	2,380.00		177,906.36
1923	53,793.25	156,702.08	2,380.00		212,875.33

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME ELEVEN

PHOENIX, ARIZONA, NOVEMBER, 1924

NUMBER ELEVEN

## PRELIMINARY THOUGHTS FOR ACTION TOWARD ECONOMICAL LEGISLATION

Believing that the newly elected legislators who will convene in January next, are fully imbued with a purpose of reducing state appropriations to the minimum required for an efficiency in the conduct of necessary state activities, the question which will confront them is the one of how to work effectively to that desired end of economy and tax reduction. It is suggested that in the interim between now and January, each newly elected legislator survey the field of local activities, conducted at public expense. Therefrom, to be posted as to what are the real necessities, thereof, what are indispensable and what may be abandoned and discontinued. Let each legislator closely study the items, details, and purposes of each public appropriation heretofore made. Let that study go far enough to advise that legislator as to the actual, and the really necessary expenditures required to conduct each presently undertaken activity supported from state funds, or with county funds in amounts fixed by the legislature. Study also the details as to amounts actually received in the past from the "other sources of revenues" which are currently available to meet portions of the cost of such activities. Learn from investigation the actual amounts received, the actual amounts needed, in addition thereto to carry on. Study the real situation to an extent that real figures are in mind as distinguished from approximate estimates. What it should really cost, will thus appear, as distinct from what was the cost of last year, or preceding years. Let each legislator come to the next session of the legislature, fully equipped with what will in fact be either an individual "budget" of what the state really needs to finance its operations for the next two years, or fully equipped with such facts and figures as will enable that legislator to examine each proposed special appropriation, and the general appropriation bill, and apply thereto a test of actual necessity, actual publicly and presently needed benefit, to every item of proposed expenditure, and then by so doing, the result will be an application of rules of true economy and consequent reduction in the aggregate of tax-raised funds to meet an aggregate of legislative appropriations, and the burden of taxpayers of the state will thus be reduced to one greater than necessary to meet the actual needs of the business of the public, of the state.

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UNIVERSITY OF ILLINOIS



# EDITORIAL COMMENT

## Co-Operation for a Greater Arizona

Arizona abounds in resources. Its mines and its minerals. Its forests and timber. All these and other natural resources are present to meet all future demands which may come due to a more intensive development of the farming, agricultural, herding, and kindred industrial pursuits made possible through the use of native ranges, and through the use of thousands of acres of fertile soil already reclaimed through irrigation projects, and still other thousands of acres, which are already awaiting the finishing strokes upon irrigation construction, which will bring those acres into the ranks of "irrigable lands," and become an addition to the possibilities and opportunities for rural home-builders in the future, added to those whose efforts in that direction have brought the possibilities of irrigation development in Arizona to the notice of the entire country, and whose present homes are standing examples of what may be done in that line of endeavor.

A greater Arizona will come through continued and persistent efforts of a determined public to make the most of what is presently in existence in Arizona in the way of opportunities, individual efforts combined with co-operative efforts among all the public for best results to each and all.

### Develop the Volume of Business and Proportionately Lessen the Ratio of Overhead Expense.

The taxpayers of the state, those who pay direct taxes, and including also every citizen of the state, as to whom the amount of direct taxes becomes an item of expense to be added to what is used, purchased, and consumed, is interested in an enlarged development of the activities of private business, increased sources of employment, increased markets for the producers, increases in the numbers of consumers for those products, and interested in everything that will go to make up, what is termed "volume of business", and with the increase thereof through individual efforts, the burden of expense upon and surrounding the conduct of business affairs, including the ever present expense of taxation, may be decreased in its relation of percentages to the aggregate of business done, except in the event that the volume of public expenditures is also increased in the same

ratio of increase that applies to an increased volume of business.

For illustration of the above statement: The merchant engages in a new business, that merchant expects to meet and pay a certain fixed overhead of expenses, such as rents, for clerk hire and office help, and for taxes. There is a minimum of such fixed overhead which must be paid, regardless of how many goods are sold to meet the demands and requirements of his customers. The merchant may struggle along without profit and even at a loss, until such time as the volume of business, with the profits thereon, so increases as to show a balance of profit over and above fixed expenses. Thereafter the wise merchant attempts to so regulate any increase in the expenses of his business, that the aggregate of expenses will again not show in the "red" as against aggregate or gross amounts of sales as compared with costs of merchandise. That merchant knows from experience that the same arrangements which were included in ideas of being ready to serve prospective customers and which were put into effect upon an opening day will stand as still able to serve customers, more or less, and from time to time, in brisk business and in dull business periods, if business becomes brisk, that business man attempts to inject ideas of "pep" and "push" into the employees already such, and thereafter adds to the numbers of such employees, according to real necessities. But with it all that merchant knows that his success finally depends upon the numbers of people in the locality in which the business is located and from which to have a possible greater demand for what that business offers for sale to that surrounding public. Incidental to that same prospective success there must be an ability of the people to earn and pay for what is bought. And with it all, the merchant once started, can control the increase in overhead expenses, and looks to a general increase in the population and numbers of non-competing private activities of other business pursuits, as the real factor towards an increased volume of business done.

The general public can co-operate with their merchant and business men, by seeing to it, that the overhead expenses of public activities, city, towns,

schools, county and state, are not increased in a proportion out of ratio and thus disproportioned to the whole volume of business done through the private industries of the state. That same public can also co-operate with private business, through applying the same rule as to the increasing of overhead and other expenses in the conduct of public affairs and public business, that rule of not increasing except through real necessity.

### Co-operate to Preserve An Equality As Between Supply and Demand.

The law of supply and demand, such a demand constantly in existence as will stimulate an incentive towards producing a supply is the law which controls a real development of business, of individual and community wealth. The farmer uses efforts to supply the food products required in trades, manufacturing centers, and commercial centers. The latter in turn produces what the farmer must purchase to meet necessities. In the whirl of a busy world, each active worker is both a producer and a consumer. Each individual whose duty in life is performed, becomes a producer on the one hand that through such production, that individual may enjoy the fruits of what others produce as a consumer of those productions. Each individual thus plays an individual part in keeping the pendulum swinging back and forth from supply at one end of its arc of motion to demand on the other end of that arc. The stability of progress towards prosperity itself, and the continuation of prosperity itself, in the individual, in the communities, and in the nation at large, depends upon a keeping of that pendulum swinging with even strokes from side to side.

The pendulum of progress, the increase in wealth, in the ability of individuals to have and acquire the comforts of life, all depend upon an active co-operation between all individuals, for the common resulting good of all.

The people of Arizona are progressive. The public minded and broad-thinking men and women who comprise its public, are all teeming with ideas intended to direct the destiny of the state towards the most advanced plane of development in the material things of life and towards the ideals of real life, as measured from any other standard. The public in Arizona do co-operate. Le

thoughts be directed then towards the real situation from which to continue, or possibly make a new start along lines of co-operation to the end of equalizing an application of the rule of supply and demand to that situation where opportunities to produce a supply may only be put aside through lack of an adequate demand for the products of such opportunities. In other words, if the farming, dairy, stock-ranching, and stock-ranging industries in Arizona, or any other industry of production, is at present unprofitable for lack of a profitable consuming market, then co-operation is needed among our citizens to produce such a market. If distances to more populated market centers are prohibitive to the making of the largest profits possible from our products in the state, then that fact deserves co-operative consideration. Ways and means must be thought out and put into effect, which will overcome that situation.

### Co-operation Will Finally Produce A Home Market For Home Products of Arizona

Not many years ago, the slogan of "from producer to consumer" was adopted by several eastern manufacturers of currently used merchandise. If a home market for home productions in Arizona can be produced through the adoption of a similar slogan, and under it, the means be provided through which raw products are manufactured into supplies needed for general use and general consumption by the local public, then labor, capital and energies devoted to such a manufacturing, would tend towards producing a demand for products of the soil and natural products to be used in such manufacturing, would tend to create a demand for food products of the soil upon which toilers depend for their daily meals. The numbers of toilers in trades, and to the end of manufacturing would automatically increase, the number of

prospective customers and consumers of the wares of stores and shops would be increased, the ability of all to have and to pay would increase. And with it all, the whole volume of trade and commercial business would increase, and with that increase would come prosperity, through the lessening of the ratio of overhead expense of business in its proportion to that volume of business done. And with it all, there will be a greater ability upon all sides to share the necessary burdens of public expenditures, and the effect would be a real lessening of tax burdens.

For a greater Arizona, the foregoing thoughts are advanced, that therefrom may come some food for thought among the real boosters among civic clubs and commercial organizations, that Arizona may in fact be greater in population, wealth, and in that strength of stability which is needed to lasting progress therein.

## "SPENDING AND TAXING"

The interest of taxpayers in the problems of increased cost of public activities, of the question of more and more demands for public improvements on the one hand, and the desire of private business activities, that no more funds be drawn from industrial channels, until the way is clear to see the end of constantly increased taxes which are already heavy burdens upon all business enterprises, on the other hand, is not alone a local interest. It appears that the same problems which confront the public of the entire United States as a nation, and which confronts every state, county, city and town therein, are presented the world over. The same situation is almost universal. In the past too many of the business men of every community have devoted their intense energies and time to the development of the industries which go to make up the business of the world, and while so doing have devoted too little attention to the business end of public affairs. Now it is when the cost of public business, the drain thereon of annual taxes for current support of governmental agencies, the drain thereon as represented by what in the aggregate amount to billions upon billions of capital which has been drawn from the support and encouragement of new business enterprises, and invested in public bonds which have been issued and sold to make public improvements of all kinds, classes and with some lack of real discrimination as between needed public improvements

and improvements made but of doubtful necessity, that business men are beginning to study public finances. Organizations have been made, taxpayers' associations have been formed, and therefrom comes a constant stream of facts, figures, and candid statements from which the public at large is being enlightened as to the whys and the wherefores of the enormous cost of present government.

In short, after years of apparent indifference as to what it costs the public to maintain the government of that public, an era is at hand when individual thinkers are seeking light upon the question of necessary costs, as a means towards an adjustment of those costs upon lines of possible economy, unimpaired efficiency, and therefrom a result which will gradually re-apportion the burden of governmental costs to what will be more in proportion to the aggregate of what private business can afford to pay, without such a drain thereon as tends towards stagnation or lack of real developing progress in private business activities.

This association and the Taxpayers' Magazine can well claim to be among similar organizations and publications and can well appreciate as it does, the growing public sentiment in favor of public economy. During its existence it has welcomed to its field of endeavors, the organizations of several of the western states which are now working in that same field. There comes to the Magazine a new publication styled: "The

Taxpayer", published by the Taxpayers' Association of Victoria, at Melbourne, Australia, and it is with pleasure that the Magazine is able to give its readers quotations from the Victoria publication, echoing from our far distant cousins, as it does, problems of taxpayers there, quite similar to our own, as will appear from editorials therein, as follows:

"At a time when much is being heard from interested quarters of a 'shortage of money for public works,' the 'duty of the present generation to contribute more towards their cost,' and the possibility that 'more money will have to be raised from those who have it,' it is well to examine these assertions with a view to ascertaining whether they are sound.

\* \* \* \*

Then, again, if additional funds are required, must they necessarily be raised in the form of new taxation? Taxpayers contend that Governments should insist first of all that full value be obtained for the huge sums now spent, and that savings be effected by stopping waste and extravagance, and by eliminating duplication, overlapping and "red tape."

"The statement that more money must be raised is bound to have an unsettling effect on trade and industry. Extravagance in government and excessive taxation are factors in causing widespread unemployment, diverting, as they do, to the largely unproductive purposes of government huge sums that should flow as a life-giving stream to vitalize industry and production."



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription NOVEMBER, 1924 50 Cents

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## QUESTIONS and ANSWERS

**Q.** Is there any liability against the counties of Maricopa, Coconino, Pima and Yavapai, for interest or principal upon any bonds of those counties issued prior to Statehood and later refunded or redeemed by the issue of State of Arizona bonds, and if so, what taxes are properly levied therein to meet such liability as exists?

**A.** Before answering the foregoing question in the affirmative, it seems advisable to go into the history of the origin of the present bonded debt of the State of Arizona, that the reasons for such an answer may appear. During territorial days, the territory of Arizona had outstanding as territorial bonds, what now remains as an aggregate unpaid of \$772,972.43. The various counties of the territory had issued bonds for authorized purposes including bonds issued by the counties of Yavapai, Coco-

nino, Pima, and Maricopa, known as the county railroad aid bonds. These latter bonds were at one time declared to be invalid by the Supreme Court of the United States, but were re-validated as hereinafter stated.

As a part of the conditions under which Arizona was admitted to statehood, the Enabling Act, and following it, the state constitution provided that:—"The debts and liabilities of the territory of Arizona, and the debts of the counties thereof, valid and subsisting at the time of the passage of the Enabling Act approved June 20, 1910, are hereby assumed and shall be paid by the state of Arizona," under which provision, the new state, called in many of what were strictly "territory bonds", and many of the bonds issued by the counties, and refunded same with new state bonds. There was included among the provisions of the Enabling Act, a land grant of one million acres of land, as to which it was also provided, that the amounts realized from said grant should be used for:—"the payment of the bonds and accrued interest thereon issued by Maricopa, Pima, Yavapai and Coconino counties, Arizona, which said bonds were validated, approved, and confirmed by the Act of Congress June 6, 1896", with any remainder thereof to go into the permanent school fund of said state. The first state legislature of Arizona in paragraph 5260 of the Civil Code of 1913, provided as follows:—

"The county, municipality or school district shall pay into the state treasury, in addition to all other taxes authorized by law, such amounts as may be directed by the state board of equalization, or on their failure by the state auditor, to be levied for the payment of the principal of such bonds issued in redemption or refunding, or other bonds issued to such county, municipality, or school district, as herein provided, in the same manner as is herein provided for the payment of the principal and interest of state indebtedness, and, in addition, the interest paid by the state on such bonds." All of which at the time referred to the matter of bonds issued by the counties during territorial days, and to be redeemed and refunded by the state in accordance with the provisions of the state constitution above quoted. It will be noted that the foregoing statutory provision made no distinction as between any class of county bonds, issued by any county. In 1915, as a part of the state land code enacted by the second special session of that year a provision appeared directed to a disposition of the proceeds derived from the "county bonds land fund", a fund which consisted of the million acre land grant given to the state by Congress, for the payment of the bonds and accrued inter-

est thereon, issued by the counties of Maricopa, Pima, Yavapai, and Coconino, and known as railway aid bonds of those counties, and which land code provision required the money derived to such fund should be devoted to:

"First, to the payment of the current interest of said bonds; second, to the reimbursement of the several counties for all interest accruing and paid thereon since the date of issuance; third, to retire said bonds when due."

Soon after this enactment in the land code, the four counties named in the land grant, brought suit against the State Auditor, to compel that officer to compute and pay to these counties, all the amounts which each of them paid in interest upon those railroad bonds, after saving sufficient in the fund, to pay only "current interest upon the bonds." This suit was contested by the state auditor, in whose behalf it was asserted, that the purpose of the one million acre land grant was to retire the bonds which had originally been issued by these four counties, and later had become state debts, through the provisions of the Enabling Act and the state constitution. And it was also insisted, that when the fund became sufficient to pay the current interest upon the state refunding bonds, issued to retire the old railroad aid county bonds, and meet the principal of such bonds, any remainder of the fund was to be held intact, and intrusted, as a part of the permanent school fund of the state of Arizona, that the words of the Enabling Act was not broad enough to permit of any state legislation which would permit the repayment to any county, of any amount which that county had paid as interest upon any portion of the bonds prior to statehood. The case was finally decided in the state Supreme Court, and the contentions of the state auditor were held to be without merit, and the provisions of the state land code, above quoted, were held to be valid directions of the legislature to the auditor, and since that decision the funds of the county bonds land fund, have been disbursed accordingly.

The result of the above legislation and court decision was twofold. First:—No taxes have been required to be levied in the counties of Maricopa, Pima, Coconino, and Yavapai, for interest of any of the state bonds issued to take up what was originally an invalid issue, or issues, of county bonds in aid of railroads. Second:—Taxes are still levied in these counties, to pay interest upon still other bonds, originally issued for county purposes, and later redeemed, or refunded by issue of state bonds.

Pursuant to the decision of the Supreme Court as above referred to, an official computation was made which

shows the amount to be due to each county participating in the million acre county bonds land fund, to be as follows:

	Interest Paid Prior to Funding	Interest paid Subsequent to Funding	Other Items	Amount Due Counties
Pima County .....	\$37,030.00	\$167,094.55	\$.....	\$ 204,124.55
Maricopa County .....	64,115.69	254,224.88	2,846.64	321,187.21
Yavapai County .....	90,818.83	214,448.59	.....	305,267.42
Coconino County .....	39,215.49	133,491.76	.....	172,707.25
Totals .....	\$231,180.01	\$769,259.78	\$2,846.64	\$1,003,286.43

The statement which follows, shows the principal of original county railroad bonds, the accrued interest thereon, and the amount of state bonds issued to redeem and refund those bonds.

	Principal Railroad Bonds	Interest Funded by Arizona	Total Amount Bonds
Pima County .....	\$150,000.00	\$168,275.29	\$318,275.29
Maricopa County .....	198,000.00	11,550.00	209,550.00
Yavapai County .....	194,666.67	45,146.69	239,813.36
Coconino County .....	97,333.33	3,833.84	101,167.17
Totals .....	\$640,000.00	\$228,805.82	\$868,805.82

The amounts which have been already distributed to the four counties from the county bond land fund, appears in the statement which follows:

Date	Pima 20.35%	Maricopa 32.01%	Yavapai 30.42%	Coconino 17.22%	Total
10-10-22 .....	\$70,837.86	\$111,426.03	\$105,891.28	\$59,942.40	\$348,097.57
1-15-23 .....	4,273.50	6,722.10	6,388.20	3,616.20	21,000.00
6-18-23 .....	725.70	1,141.50	1,084.80	614.07	3,566.07
1- 2-24 .....	4,748.64	7,406.56	7,038.66	3,984.41	23,138.27
6- 4-24 .....	3,927.95	6,178.55	5,871.65	3,323.79	19,301.94

Undistributed amount in County Bonds Land Fund October 23, 1924, \$29,366.79.

These same four counties are also liable to the state, and subject to annual taxes for interest, and finally for tax es towards payment of the principal of other bonds as those bonds mature, which have been redeemed and refunded by the issue of state bonds. The amount of this indebtedness and the tax levy on account of such bonds for 1924 is as follows:

	Indebtedness	Redemption Fund	Rate	Interest Fund	Rate	Total of Rates
Pima .....	\$210,240.05	\$8,409.60	.0142	\$10,460.80	.0177	.0319
	25,000.00*					
Maricopa .....	58,086.43	2,323.46	.0020	3,313.89	.0028	.0049
	14,000.00*					
Yavapai .....	70,350.42	2,814.02	.0029	4,594.58	.0051	.0080
	28,576.29*					
Coconino .....	57,832.53	2,313.30	.0113	2,602.46	.0127	.0240

\*No Redemption Fund required under Paragraph 5259, Revised Statutes of Arizona, 1913, C. C.

Thus and from figures gathered from the state books, it appears that above counties are still liable for all bonds which were issued by them during territorial days, and which have since been assumed by the state. That in event the County Bonds Land Fund, accumulates rapidly enough, no taxes will be levied on those counties to meet interest upon

the state bonds issued to redeem the railroad aid bonds. That in event such land fund is eventually sufficient to pay all current interest upon the \$868,805.82, of state bonds issued to redeem the former railroad aid bonds, and pay the unpaid balances due these four counties as shown from above figures, these counties

will not be ultimately called upon to pay the principal of such state bonds.

It also appears that as to the bonds referred to in the last table above, the counties named, still remain liable to the state for the payment of current interest, and for the final payment of an amount sufficient to pay the principal of the redemption bonds.

## To the End of Making Public Necessities the Cause of Control for Public Undertakings

This Magazine has at all times stood for and advocated a policy of economy so far as consistent with efficiency in the real necessities of and from public activities, public improvements, and public expenditures. That policy at all times will be broad enough to meet every de-

mand of progress which depends upon internal improvement and development in Arizona. That policy is based upon a foundation which supports a theory that the real development of Arizona, can come only through such public activities, such public improvements, as will

in turn serve the immediate needs towards a general upbuilding of the industrial pursuits in the state. Co-operation as between different portions and localities of the state, public support to the end of such public improvements as will facilitate that co-operation. Arizona for



Arizona first last and all the time. The aggregate of public expenditures, limited first by the ability of the industrial private activities to contribute thereto, and then confined to the real requirements of the public and lending fostering aid to those activities, and the policy for progress of Arizona is fully outlined.

Consistent with the above, the Magazine deemed it to be a duty in the pages of its publication for several months past, fairly and as fully as possible, announced reasons against the advisability of presently bonding the state for \$3,500,000.00 for a special highway by way of Phoenix, Hassayampa river, to the Colorado, and thence through Blythe into California and finally to Los Angeles. This Magazine opposed that bonding proposition, fully believing it to be inconsistent with the real needs of Arizona for and to the end of real and present development. That proposed highway may have been desired or possibly de-

sirable to some interests, but the real test was and is, that other highways are more needed and required.

So it is that the Magazine, with modest satisfaction points to the results which were produced by a majority of the people of this state, and which result in fact accepted its position, and expressed a majority will as against the Blythe Highway bond issue. The purpose of any publication can be accomplished only through a full exploitation of any subject which later will become a subject for the expression of the "will of the people", through their ballots. The Magazine was sincere in its opposition to the proposed bond issue. It is gratified at the result of the expression of that will by the general public. It is especially gratified, and feels that its efforts have been fully rewarded to find among the numerous communications to it, many letters from its readers, in which letters credit is placed to the Magazine

for bringing about the main result, a defeat of the bond measure.

The Magazine, however, is not working for rewards. It fully appreciates the spirit of its readers when those readers give it credit for its efforts. The greatest accomplishment, and its greatest reward in the past, as it will be for the future, will come about through a continuous discussion of the real needs of the present public, the connection between those needs and the amount of public funds required to either grant or deny, as the latter may be controlled by what the Magazine believes to be the continuing true policy as above outlined, and encompassed in a minimized expression of "an economy in public expenditures to the full extent possible with remaining efficiency in governmental undertakings", all to the end of the greatest progress possible for the public of the state, consistent with the financial ability of a present public to share, and contribute, to the present cost of that progress.

## Figures From State Auditor's Report

To those of our readers who may be interested in having a birds-eye view of the financial transactions of the state for the fiscal year ending June 30th, 1924, the figures which follow, and which are taken from the State Auditor's report

for that year, present a summary schedule of distribution of net totals expended from state funds, the details of which are shown in statement No. 2 of that same report. The figures purport to show the net expenditures of tax-raised

funds, and of and from the other sources of revenues of the state for that fiscal year. In a later issue, this Magazine will present the entire of the statement No. 2, which is summarized in the figures of the table below.

TOTAL EXPENDED FROM THE GENERAL AND VARIOUS FUNDS DURING THE FISCAL YEAR ENDING JUNE 30, 1924, BY THE STATE SHOWING NET EXPENDITURES AND TAX MONEY EXPENDED WITH PERCENTAGES OF EACH GROUP OF THE MONEY EXPENDED

(General Fund)					
	Net Expendi- tures	Per centage of Net Total Expended	Less Non Tax	Net Tax Money Expended	Percentage of Tax Money
<b>1. Legislative, Law and Judicial:</b>					
Superior Court .....	\$ 36,300.00		\$ .....	\$ 36,300.00	
Supreme Court .....	27,398.60		\$ .....	\$ 27,398.60	
Law and Legislative Reference Librarian .....	9,718.64		\$ .....	\$ 9,718.64	
Attorney General .....	20,991.13		\$ .....	\$ 20,991.13	
Court Commissioners .....	40.00		\$ .....	\$ 40.00	
	<b>\$ 94,448.37</b>	<b>.01216</b>		<b>\$ 94,448.37</b>	<b>.0223</b>
<b>2. Health, Penal and Charitable:</b>					
Board of Health .....	\$ 33,124.36		\$ 8,169.57	\$ 24,954.79	
Laboratory .....	5,449.84		\$ .....	\$ 5,449.84	
Child Welfare Board .....	29,277.67		\$ .....	\$ 29,277.67	
Free Employment .....	2,499.80		\$ .....	\$ 2,499.90	
Industrial School .....	60,548.04		\$ 5,157.00	\$ 55,391.04	
Pioneers' Home .....	53,282.09		\$ 1,940.72	\$ 51,341.37	
Prison .....	118,923.54		\$ 11,489.10	\$ 107,434.44	
Asylum for the Insane .....	153,617.50		\$ 6,808.79	\$ 146,808.71	
Education of Deaf, Dumb and Blind .....	39,033.00		\$ .....	\$ 39,033.00	
	<b>\$ 495,755.84</b>	<b>.06384</b>	<b>\$ 33,565.18</b>	<b>\$ 462,190.66</b>	<b>.1092</b>

	Net Expendi- tures	Per centage of Net Total Expended	Less Non Tax	Net Tax Money Expended	Percentage of Tax Money
<b>3. Military:</b>					
National Guard .....	\$ 46,468.71	.00598	\$ .....	\$ 46,468.71	.01098
<b>4. Educational:</b>					
Common Schools .....	\$ 1,651,997.08		\$ 507,752.72	\$ 1,144,244.31	
Vocational Education .....	74,427.58		\$ .....	\$ 74,427.58	
Tempe Normal School .....	141,764.44		\$ 7,672.32	\$ 134,092.12	
Northern Arizona Normal .....	125,872.52		\$ 4,701.42	\$ 121,171.10	
University of Arizona .....	860,419.40		\$ 289,330.03	\$ 571,089.37	
County Scholarships .....	7,000.00		\$ .....	\$ 7,000.00	
Pioneers' Historical Society .....	1,440.00		\$ .....	\$ 1,440.00	
Historian .....	5,092.21		\$ .....	\$ 5,092.21	
	\$ 2,868,013.18	.36932	\$ 809,456.49	\$ 2,058,556.69	.48638
<b>5. Administration:</b>					
Governor .....	\$ 28,302.62		\$ 27.50	\$ 28,275.12	
Auditor .....	22,627.14		\$ 160.00	\$ 22,467.14	
Banking .....	22,719.28		\$ .....	\$ 22,719.28	
Treasurer .....	21,498.91		\$ 1,640.34	\$ 19,858.57	
Tax Commission .....	28,774.98		\$ .....	\$ 28,774.98	
Corporation Commission .....	98,471.80		\$ .....	\$ 98,471.80	
Secretary of State .....	36,188.17		\$ .....	\$ 36,188.17	
Mine Inspector .....	18,784.87		\$ .....	\$ 18,784.87	
Board of Directors of State Institutions...	14,691.27		\$ .....	\$ 14,691.27	
State Examiner .....	20,747.60		\$ .....	\$ 20,747.60	
Water Commission .....	3,394.46		\$ .....	\$ 3,394.46	
Inspector of Weights and Measures .....	4,276.41		\$ .....	\$ 4,276.41	
Game Warden .....	4,980.20		\$ .....	\$ 4,980.20	
	\$ 325,457.71	.04191	\$ 1,827.84	\$ 323,629.87	.07647
<b>6. Agricultural:</b>					
Fair Commission: .....	\$ 63,679.03		\$ .....	\$ 63,679.03	
Commission of Agriculture and Horticulture .....	42,480.21		\$ .....	\$ 42,480.21	
Animal Industry .....	30,251.39		\$ .....	\$ 30,251.39	
Veterinarian .....	3,294.41		\$ .....	\$ 3,294.41	
Sheep Sanitary Commission .....	7,297.04		\$ .....	\$ 7,297.04	
Co-operation Biological Survey .....	29,980.85		\$ .....	\$ 29,980.85	
Dairy Commissioner .....	8,890.80		\$ .....	\$ 8,890.80	
Live Stock Sanitary Board .....	68,583.55		\$ 58,666.34	\$ 9,917.21	
	\$ 254,457.28	.03278	\$ 58,666.34	\$ 195,790.94	.04626
<b>7. Public Works:</b>					
Highway 25% .....	\$ 719,534.09		\$ 459,611.33	\$ 259,922.76	
Highway 75% .....	516,558.79		\$ 159,024.58	\$ 357,534.21	
State Highway Maintenance .....	307,075.84		\$ 307,075.84	\$ .....	
State Road Federal Aid .....	1,467,219.61		1,467,219.61	\$ .....	
State Road (S. B. 51) .....	33,560.45		\$ .....	\$ 33,560.45	
Capitol Building and Grounds .....	41,992.10		\$ .....	\$ 41,992.10	
Land Department .....	58,491.36		\$ .....	\$ 58,491.36	
Land Settlement Commission .....	89,735.80		\$ 339.52	\$ 89,396.28	
Investigation Colorado River .....	2,555.39		\$ 862.76	\$ 1,692.63	
Investigation of Irrigation .....	148.45		\$ .....	\$ 148.45	
Colorado River Gauging .....	6,999.16		\$ .....	\$ 6,999.16	
Stream Gauging .....	11,799.99		\$ .....	\$ 11,799.99	
	\$ 3,255,671.03	.41924	\$ 2,394,133.64	\$ 861,537.39	.20356



	Net Expendi- tures	Per centage of Net Total Expended	Less Non Tax	Net Tax Money Expended	Percentage of Tax Money
<b>3. Interest:</b>					
Registered Warrants: .....	\$ 4.03	.00000	\$ .....	\$ 4.03	.00000
<b>9. Miscellaneous:</b>					
A. and E. Registration .....	\$ 1,664.66		\$ 1,664.66	\$ .....	
Board of Pardons and Paroles .....	874.96		\$ .....	\$ 874.96	
Bar Examiners .....	590.39		\$ .....	\$ 590.39	
Board of Pharmacy .....	2,944.49		\$ 2,944.49	\$ .....	
Boll Weevil Emergency .....	3,631.48		\$ .....	\$ 3,631.48	
Chiropractic Examiners .....	816.97		816.97	\$ .....	
Dental Examiners .....	1,388.18		\$ .....	\$ 1,388.18	
Embalming Examiners .....	264.71		264.71	\$ .....	
Foot Mouth Disease—Emergency .....	42,027.23		\$ 304.00	\$ 41,723.23	
Foot and Mouth Disease Inspection — Emergency .....	4,730.44		\$ .....	\$ 4,730.44	
Governor's Investigation .....	2,094.99		\$ .....	\$ 2,094.99	
Investigation of State Highway .....	7,414.52		\$ .....	\$ 7,414.52	
Medical Examiners .....	2,372.45		\$ 2,372.45	\$ .....	
Money Lender's License Fee .....	28.85		\$ 28.85	\$ .....	
National Forest School and Road .....	105,827.98		\$ 105,827.98	\$ .....	
Nurse Examiners .....	342.85		\$ 342.85	\$ .....	
Optometry Examiners .....	88.10		\$ 88.10	\$ .....	
Premiums on Bonds of State Officials.....	539.50		\$ .....	\$ 539.50	
Relief Bills .....	6,352.45		\$ .....	\$ 6,352.45	
Scabies—Emergency .....	6,075.71		\$ .....	\$ 6,075.71	
Transient Herd Tax .....	260.93		\$ 260.93	\$ .....	
Fire Insurance .....	12,416.62		\$ 12,416.62	\$ .....	
Loan Commission .....	970.84		\$ .....	\$ 970.84	
	\$ 203,719.30	.02623	\$ 127,332.61	\$ 76,386.69	.01805
<b>10. Accounts Payable:</b>					
Encumbered Balances from Previous Year					
Paid During This Fiscal Year .....	\$ 21,748.96	.00280	\$ .....	\$ 21,748.96	.00513
<b>Total Expenditures per Statement No. 2.....</b>	<b>\$ 7,565,744.41</b>		<b>\$3,424,982.10</b>	<b>\$4,140,762.31</b>	
<b>11. Plus Transfers of Appropriations made from General Fund:</b>					
Interest—					
Territory and State Funded Debt....	\$ 55,913.76	.00720	\$ .....	\$ 55,913.76	.01321
Redemption—					
Territory and State Funded Debt....	29,647.37	.00382	\$ .....	\$ 29,647.37	.00701
Redemption—University of Arizona.....	6,042.44	.00078	\$ .....	\$ 6,042.44	.00142
<b>Total Net Expenditures from General Fund.....</b>	<b>\$ 7,657,347.98</b>		<b>\$3,424,982.10</b>	<b>\$4,232,365.88</b>	
<b>VARIOUS FUNDS:</b>					
Game Protection .....	\$ 20,543.74	.00264	\$ 20,543.74	\$ .....	
Interest .....	87,771.50	.01130	\$ 87,771.50	\$ .....	
<b>Total Expenditures .....</b>	<b>\$ 7,765,663.22</b>	<b>100.00</b>	<b>\$3,533,297.34</b>	<b>\$4,232,365.88</b>	<b>100.00</b>

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME ELEVEN

PHOENIX, ARIZONA, DECEMBER, 1924

NUMBER TWELVE

## BUDGETS----APPROPRIATIONS----PUBLIC EXPENDITURES----THEIR RELATION TO PUBLIC ECONOMY

A public budget should be more than a list of items connected with public activities and business, with an authorized amount appropriated for expenditure for each item of such public purposes. It should be in the first instance a complete and itemized list of only such items, objects, and subjects, as remain indispensable to the promotion of necessary public good and general welfare of the public brought about through governmental agencies. Such a list will be properly a budget list, only when all unnecessary and all dispensible proposed items are eliminated. Simplified in plain language a public budget should be so framed as to include such subjects as are of real necessity to the public at large, confined to objects and purposes within the financial means of the public required to pay taxes to finance such objects and purposes, and finally as to each such item determined upon as so indispensable, the appropriation of an amount authorized for expenditure, should again be limited to such an amount as will fulfill the purpose involved, when expenditures are made judiciously, economically and without waste or extravagance. Legislative bodies when seeking to reduce the aggregate of public expenditures to a minimum of expenditures actually needed for public good, will accomplish that purpose by putting all objects, subjects, and proposed public activities, through a sieve and test of real necessity; and again put such activities as stand the first test of real necessity, through a test of how much is actually needed for each. And when both tests are made, the remaining aggregate of items and amounts, for each, should be again considered and reconsidered, by the test of financial conditions among taxpayers at large as to the real ability of private enterprises to pay the necessarily resultant tax burden required for expenditure of such an aggregate, and do so, without undue strain upon private taxpayers. A list of everything proposed, fitted out with some appropriation for each subject in that list, is not a budget. A real budget directed towards reduced expenditures, requires careful selection of necessary from unnecessary proposals as to public objects requiring public expenditures, and with all unnecessary proposals eliminated, an allotment in the way of an appropriation for such as remain of seeming necessity, as will meet the needs of each, under an economical and unextravagant administration to give effect thereto. All planned, adopted, and finally authorized according to what the affected public can really afford to pay. With public budgets worked out under lines as above indicated, with public appropriations limited as indicated, there will come an economy or reduction of public expenditures, and a corresponding decrease in general tax burdens of the public at large.



# EDITORIAL COMMENT

## A Table Showing the Total Taxes to be Collected from Arizona Taxpayers for State, County, City, Town, School District and other Special Taxing Districts, with Totals of Estimated Revenues from all Other Sources, Showing Aggregates of Funds Available for Expenditure for all Public Purposes for Fiscal Year 1924-1925

County	Assessed Valuation	Taxes for State Purposes	General County Taxes	Special District Taxes	City and Town Taxes	Total Taxes For All Purposes	
Apache .....	\$ 9,161,914.00	\$ 51,306.72	\$ 162,165.88	\$ 8,765.00	\$.....	\$ 222,237.60	
Cochise .....	113,212,708.00	633,991.17	769,846.41	279,681.00	224,272.13	1,907,790.72	
Coconino .....	20,577,944.00	115,236.49	107,169.93	99,616.00	54,807.46	376,829.88	
Gila .....	100,575,731.00	563,224.08	627,190.26	434,837.30	192,209.67	1,817,461.30	
Graham .....	12,354,841.00	69,187.11	227,329.07	55,821.06	13,663.50	366,000.74	
Greenlee .....	20,751,603.00	116,208.98	290,522.44	112,335.83	61,299.95	580,567.20	
Maricopa .....	114,993,709.00	643,964.77	1,391,423.88	1,113,088.90	629,331.88	3,777,809.44	
Mohave .....	16,170,701.00	90,555.93	281,370.20	16,210.00	.....	383,136.13	
Navajo .....	11,649,684.00	65,238.23	179,405.13	69,893.00	52,931.17	367,467.53	
Pima .....	59,235,130.00	331,716.73	722,668.59	337,421.10	306,991.82	1,698,798.24	
Pinal .....	45,775,176.00	256,340.98	457,751.76	147,863.31	28,277.94	890,233.99	
Santa Cruz .....	12,183,001.00	68,224.81	194,318.87	34,824.87	84,261.26	381,629.81	
Yavapai .....	91,644,836.00	513,211.08	671,756.65	299,276.00	135,791.87	1,620,035.59	
Yuma .....	21,592,330.00	120,917.05	372,035.85	197,111.00	70,744.02	760,807.92	
TOTALS .....	\$649,879,308.00	\$3,639,324.13	\$6,454,954.92	\$3,206,944.37	\$1,854,582.67	\$15,155,806.09	
OTHER PUBLIC REVENUES AVAILABLE FOR EXPENDITURES FOR THE FISCAL YEAR 1924—1925.			Estimated Other Revenues to State .....				\$3,533,297.34
			Estimated Other Revenues to Counties .....				1,192,161.00
			Estimated Other Revenues to Cities and Towns .....				1,383,044.00
TOTAL AMOUNT AVAILABLE FOR ALL PURPOSES .....						\$21,264,308.43	

The table which appears in connection with this article shows the assessed valuations of each county in the state, as those valuations appear upon the tax-rolls of 1924, for taxes levied and assessed for all state, county, city, town, school district, and other special district levies for public expenditure for the purposes of the fiscal year, 1924-1925. There are two counties in the state, Apache and Navajo, in which there are no incorporated towns or cities which fact explains the blank lines opposite those counties under the heading of city and town taxes. The table shows the aggregate of all direct property taxes to be the sum of \$15,155,806.09.

Following the table which is first confined to amounts raised by direct property taxes, are three items which relate to the amounts of other public revenues available for expenditure, one for

the state, one for the counties, and the last for cities and towns. These revenues are stated to be "estimated." In making those estimates, the actual amounts expended by the state from amounts by it received in the preceding year, "from its other sources of revenue," other than direct taxes, were used. Unless all signs fail, the actual revenues of the state for the fiscal year, 1924-1925, will undoubtedly exceed that estimated aggregate. Those revenues include amounts received and belonging to the state from motor vehicle licenses, from the three cent gasoline tax, both of which sources of revenue have shown continuously increased amounts in past years, one year with another. Those state revenues also include rentals, interest, fees and penalties, connected with state land funds, sales of state lands, loans of funds, rentals of same, each of which increases year by

year. Also in computing the estimates as to "other sources of revenues" available to counties, amounts of those revenues as estimated by the various boards of supervisors and extended in the annual estimates of those counties were taken. Again it may be said, that in the past, these estimates have many times been less than the actual receipts from other sources of revenue to the counties, and so the figures placed in the table above are conservative and are less than what the actual receipts will be as the fiscal year rolls along. The same can be said as to the estimated aggregate of other revenues to cities and towns. So that the final aggregate amount of \$21,264,308.43 given in the table above as an amount which will be available for all public purposes of the state, the counties, its cities, towns, and school districts, and other taxing districts, is safely less than

the actual amount which will be finally available, for all public purposes of the year covered by the table.

A similar table was made for the fiscal year 1923—1924, and the aggregate amount available for all public purposes, for that fiscal year was \$20,604,005.34. This means that public expenditures have increased by approximately \$660,000.00 in one year. To those who may be able to point to a reduction in the aggregate of direct taxes required in particular counties, cities, or towns, the thought is presented that possibly the burden imposed upon the general public therein, and collected therefrom as "other sources of revenue," has more than balanced any reduction in direct taxes. To those in counties, cities, or towns, in which the aggregate of taxes imposed, as well as the other sources of revenues, have both increased, the question of "why is it," naturally suggests itself. To the public at large, who may

look at an aggregate of \$4,007,761.54 as the amount raised by taxation for the fiscal year 1923-1924, and compare it with the aggregate of state taxes—\$3,639,324.13 provided for the purposes of the present year, 1924-1925, it may appear that state expenses have decreased. That appearance is changed when it also appears that the estimated sources of revenue for the year, 1923-1924 was only \$2,142,036.34, and also appears that those actual revenues amounted to and were expended to an amount of \$3,533,297.34 in that year.

The important feature in connection with public finances seems to be in some part connected with the amount of other sources of revenues, accruing to public funds. After twelve years of experience since statehood, it would seem possible to discard the idea of "estimating the other sources of revenues" in connection with public budgets, and instead of using an

estimate, use actual receipts of one year from the various sources, with the aggregate of such receipts then deducted from the total required for all purposes, there would remain an amount to be raised by direct taxation, which would be an amount so fixed and determined, as to give the direct taxpayers the full benefit of all other actually accruing sources of revenues, rather than to give those taxpayers such partial benefit as comes through, what in practice is an underestimate of what those other revenues will be, with such estimates often less than the actual receipts have been in the previous year, or years. And whether public funds are derived from taxes or from other sources, the entire burden upon the private activities, private business, and industrial pursuits, is represented by the aggregate expended. It is only by decreasing expenditures that the real burden of taxation can be lessened.

# “QUESTIONS AND ANSWERS”

**Q.** In articles appearing in your Magazine, frequent mention is made of "Special Taxing Districts," will you inform a reader as to what special districts may be included in that reference, and for what purpose such districts may levy taxes and create debts?

**A.** The words "Special Taxing Districts" or similar expressions, heretofore used in articles appearing in the Magazine, have reference to such Special Road Districts, Irrigation Districts, Drainage Districts, Electrical Districts, Power Districts, Agricultural Improvement Districts, and Anti-noxious Weed Districts, as have been created by the legislature, and vested with power to issue bonds, and levy taxes for the purposes of each. One of the earliest classes of special districts authorized as above, was the "Special Road District." Districts of this class have been authorized since 1912, and under the law creating such districts it is provided that for the purpose of construction, maintenance, and repair of the roads, driveways, highways, and bridges, within such special district, a special road tax shall be levied on all taxable lands within said district, of not to exceed seventy-five cents upon each one hundred dollars of the assessed valuation of the lands therein. That law also provides for the issuance of bonds by such road districts, and for the levy of taxes to meet interest upon such bonds with such an amount additional per year as will equal the principal of bonds divided by the number of years such bonds run before maturity. There have been several amendments to the original law,

and finally, after such districts ceased to function, provisions were made for their dissolution, leaving a remaining tax liability against the lands of any dissolved district, until all issued and outstanding bonds thereof have been paid. "Irrigation Districts," to have for their purpose the acquiring of water and constructing irrigation works for the irrigation of lands within the boundaries of such districts, susceptible of reclamation by irrigation, were also authorized by the first legislature of Arizona. These districts were also authorized to have taxes levied to meet the expenses of the district, and to pay interest and principal of bonds which such districts were authorized to issue. The original act authorizing such districts has been amended several times by subsequent legislatures, but the main taxing powers still remain unchanged. For the purpose of providing for draining of agricultural lands, susceptible of drainage, the first legislature also enacted a law providing for the organization of "Drainage Districts." These districts are authorized to issue bonds, to be sold or exchanged at not less than ninety-five per cent of the par value of bonds sold or issued, and for the purposes of the drainage district, taxes are levied upon the real property of such districts, to meet expenses, pay interest upon the bonds and annual installments of principal of bonds issued. This drainage district law has also been amended several times, but the taxing powers thereof have been continued. Another class of similar organizations, authorized by the special session of the

legislature of 1922, is the "Agricultural Improvement Districts." These districts combine under one head, the features of district drainage and district irrigation. In the act creating authority for the establishment of Agricultural Improvement Districts, it is provided that nothing therein is intended or shall be held or construed, to change, modify, affect, amend or repeal any of the laws relating to irrigation, drainage, power or conservation districts, and it would seem from a reading of the act, that the owners of lands under an irrigation district, might organize an Agricultural Improvement district covering the same lands, or, thereunder, a drainage district might become an irrigation district in fact. At any rate, the legislature has authorized such improvement districts, with power to levy taxes for district purposes, with a power to issue bonds, for which taxes may be levied for payment of interest and principal, upon the lands of the district. The legislature in 1915 provided for the organization of "Electrical Districts," the purpose of which districts seems to be to provide electricity and gas, for light, heat, energy and power to the landowners and residents of such districts. In 1923, the legislature authorized an organization of "power districts" for the purpose of supplying power for pumping water for irrigation of arid lands. These districts are given authority to levy and assess taxes, to issue and sell bonds, and tax the lands included in such districts for district purposes, including interest upon bonds, and for payment of the principal thereof. Still another



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription DECEMBER, 1924 50 Cents

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er form of special districts with taxing powers is the "Anti-noxious Weed" districts which are authorized by the laws of 1923, under which districts may be organized in farming communities for the purpose of an elimination and control of noxious weeds and grasses. These districts are given power to levy and collect taxes for the purposes included under the plan of organization. It is not possible in this answer to the question to go into details as to the powers of the various special districts above referred to as having a power of taxation. In brief it may be said that all taxes are to be levied according to budgets of expenses and proposed expenditures made up by trustees or directors who control the finances, expenditures, and operation of the affairs of the several districts. These budgets are submitted to the boards of supervisors, which boards in turn assess and levy taxes to produce the amounts required, by extending special district levies against the real estate included in each district. These taxes are made a lien upon the lands against which they are levied. The bonds of

such districts are made liens upon the lands included in each district. There is no limited amount based either upon values of lands, or otherwise, as to the amount of bonds which can be issued and sold and become such liens. There is no requirement that such bonds shall be sold only at par value. Such of our read-

ers who have lands which may be within the territory to be embraced in any of the districts above listed, will do well to thoroughly study the law as enacted and which applies thereto in view of the existence of such unlimited powers of bonding and taxation which are given in those laws.

## Uniformity as to State Public School System Considered in Relation to a Possible Centralized Control Over Purchases and School Equipment

The day of the old fashioned district school is past. That day when the march of pioneers from the Atlantic states into more western territory, when each pioneer's trail at first ended at the door of an isolated cabin, and later marked the road to small settlements, many small settlements in fact, but each as remote and distinct from all others, as to have no common local interest, it was then that the district school came into existence as such. Each community supported its own school. That support was little or more, according to the financial means and ability of each particular settlement. The parents who established such schools, neither looked for, nor did they receive any outside aid towards the support of local schools. There was then no possibility of school bonds to erect school houses. The forests furnished the logs for materials, the settlers with axes, rough tools, brawn, muscles, and determination, erected the school house. The "big boys" cut the firewood, and stoked the school house fires, carried water. All did what they could, even to help "board" the teachers around. The early day district school was entirely a community affair. With the progress of years, the great "Northwest territory," other additions to what was originally the "thirteen states," the United States as a whole became the owner of vast areas of undeveloped, but known to be immensely valuable resources in natural state for future development. The star of liberty coursed west, north and south. "Knowledge is power," was scribbled many times in many district schools, by children acquiring the rudiments of the three "R's," "reading," "riting," "rith-metic." Power through education of an entire American people, was undoubtedly the thought which prompted Congress to set aside two sections for common school purposes, out of and from every township in the Northwest territory. The seed was then sown. A start was then made towards building up a more certainly established school system,

throughout the United States and its territories. The people of the whole country, thus assured every struggling school in the most remote portion of our country that it was not entirely forgotten in the general scheme and plan of an American people to promote the general welfare, and secure the blessings of liberty to that people and to their posterity forever, through educational means.

### General Support of Public to Common Schools An Outgrowth of Desire for Better Education of Children

Of necessity, and for years, each school was a locally managed and locally controlled one. Some districts flourished in the midst of rapidly growing and rapid wealth increasing communities, others struggled and were maintained, awaiting such increased ability, for development. There existed the common desire for the advantages of at least a common school education in the hearts of all parents. There was absent the equality of financial ability to promote and indulge that desire. Thus from time to time the states provided for raising common school funds, for distribution throughout the states. Such funds were not raised without first overcoming the opposition of those who voiced the last echoes of the first foundation upon which district schools were created, by saying, in effect, our district supports its schools and educates its children, why should burdens be imposed upon us to educate the children of strangers. These and other like objections have been overcome as years went by, and today, the question of education in the common schools is recognized as a question of common interest to all, and being a question of the whole community interest, to the end of an ultimate good to an entire people.

### Arizona Adopted Plan of A State Common School Fund in its Constitution

Arizona did not depend upon any action by its legislature, it stamped the policy of its people upon the question of common schools in the constitution which that people adopted. Among these con-

stitutional provisions appear language as follows:—

"The legislature shall enact such laws as shall provide for the establishment and maintenance of a general and uniform public school system."

Consider the history of common schools, consider some of the side lights which are given above as actually connected with the development of those schools, as developed, prior to the adoption of the Arizona constitution. With such consideration in mind, the reasons will and do clearly appear as to the real purpose and real intended meaning of the words: "laws as shall provide for the establishment and maintenance of a general and uniform public school system."

The words: "general" and "uniform" thus inseparably affixed to the public school system to be provided for by laws enacted by the legislature, mean just exactly what the framers of the constitution intended. Effect is not given to those words, nor to their intended meaning, in any law which is enacted and the provisions of which permit an elastic measure to be applied by some four hundred and eighty odd local school boards, with that measure stretched or shortened according to the different ideas of those boards as to what shall make the public schools of a particular district uniform with the schools of another district or districts. The framers of the constitution of this state intended that the only real unit in the educational system to be established for the state, was to be each child of school age. Congress donated four sections out of every township in Arizona to create a fund, the proceeds of which to be made income producing, and distributed among the several counties according to the numbers of pupils of school age residing therein. Uniformity is thus intended to be obtained, regardless of everything else. This nucleus of a county common school fund, is, under the same constitution, to be added to by legislative laws, and so increased as to be sufficient to maintain all the public schools of the county for a minimum term of six months in each year. This intended uniformity in the school system of the state, applies to what is to be taught, and how it shall be taught, and to that end, the constitution provides that: "**The general conduct and supervision of the public school system shall be vested in a State Board of Education, a State Superintendent of Public Instruction, County School Superintendent, and such governing boards for the State Institutions as may be provided by law.**" Thus in the constitution itself, directions appear which if followed would result in a real control of what

shall be included in the public school system of Arizona, vesting as it does the power for general conduct and supervision of that system of public schools in the state officers, and the county officer above named, and doing so in a constitution in which district school boards as such, are not mentioned in connection with any power as to conduct and supervision of public schools at all.

#### **Are There Too Many Distributing Agencies for Real Economical Use of the State and County School Fund?**

With it all, and notwithstanding the evident intent as shown by constitutional provisions, the real conduct and control of the common school system remains in the district boards of the four hundred and eighty odd, school districts in Arizona. Aside from statewide uniformity brought about in the use of text-books furnished free from state common school funds, all else seems to be left to individual boards of each district. As to what shall be deemed the proper equipment, paraphernalia, and incidentals, connected with the education of the pupils in common schools, the powers of state and county officers, i.e., the state board of education, and the county superintendent of schools, are more in the nature of "visitorial powers," than powers to control the conduct and to supervise those schools. And what is the result. A survey of the costs of maintaining the schools in some districts, where conditions are not materially different from others, shows a wide variance in amounts expended. Every school gets its allotment from state common school funds and from county school funds, on the basis of average daily attendance. Many district boards deem these funds insufficient, and require special district levies additional to the amounts received from state and county school funds, to meet the expenses of conducting the schools. Neither the county school superintendents, nor the boards of supervisors, have any control over these extra special taxes, nor any control over the aggregate expended by any school district. Each district board makes up its budget, places it with the County School Superintendent who in turn submits that budget to the county board of supervisors, which in turn levies taxes to cover that budget. This situation comes from the language of present school laws which permit that course in the actual management and control of schools, and school funds. The uniformity as between schools and educational facilities in different parts of the state, as planned in the constitution of the state, may be present, and may not be. If it is not present, then under exist-

ing laws as applied to the schools, there is no way to bring about the desired uniformity in and as between all the schools of the entire state common school system.

#### **That the People of the Whole State Desire the Best Schools Possible is no Reason Why the Whole Public Should Not Get the Best Value for Money Expended for School Purposes.**

The people of the state are interested in establishing the best possible within the means of taxpayers, in a general and uniform common school system. The people of the state are taxed and pay state taxes for general distribution among all the schools as a means of financing such a system. These same people are interested in the welfare of each school in each remote district of the state. That interest involves the idea of general welfare and future benefits to the whole state to follow from the general advantages of a uniform education of the present generation of school children. From the fact that taxpayers in general contribute to the support of the common schools throughout the entire state, it naturally follows all taxpayers are financially interested in the cost of maintaining that school system. With taxpayers of the state requesting a readjustment of all public expenditures in such manner as will reduce those expenditures to the minimum of remaining efficiency in the conduct of public business and governmental activities of all kinds, and with over fifty per cent of all public expenditures now used for educational purposes in the state, there is no reason against such a scrutiny of existing school laws as will disclose a possibility of reducing the cost of maintaining the schools, and at the same time continue to build up a general, uniform, and educationally efficient common school system throughout the state. The conduct of the common schools is no longer a local matter, it has come to be a matter of statewide importance. The support of each school comes in part from the whole state, and in part from the entire of each county in the state. The idea of uniformity when actually engrafted into the common school system of the state includes equality in school facilities, and that in and of itself should mean a practical uniformity in the costs of conduct and operation of each school.

To bring about the real uniformity desired, many states have actually adopted a centralized unit of control which is in actual operation as connected with schools including the conduct of those schools, and the financial needs and dis-



bursements necessary to maintain them.  
**Revision of School Laws Suggested to Reduce Cost of Purchases of All School Supplies.**

It is to the end of suggesting such a revision of the school laws of Arizona as will bring about a centralized control of what shall be deemed necessary in the way of purchases to give effect to adopted educational standards included as a part of the state common school system with a centralized control as to what equipment, devices, and appliances are necessary thereto, and a centralized purchasing power, through which all such equipment, devices, and appliances may be purchased in bulk for each county in one purchase thus insuring the lowest prices thereof, as against the prices of isolated purchases now made for individual districts with their four hundred and eighty or more distinct purchasing agents, i.e., the present school district boards. This suggestion is made and is warranted by the changed conditions un-

der which common schools are now created and are now supported, and is supported by rules of good business which experience shows warrant the claim that large purchases of any given article, and large customers of any class of goods, can buy cheaper at what is termed "wholesale" purchasing, than single purchases can be made.

The unit system of purchasing, coupled with a unit power of control as to what is necessary to be purchased, will undoubtedly bring about uniformity throughout the schools of the state, and at the same time will save the taxpayers many dollars of tax money, and do so without impairing the educational effectiveness of the common schools.

The opposition which existed in the past as against one section of the state being taxed to support the common schools of another section of less financial ability, has given way to the rule of "general welfare" of the whole state. If the idea of local control of particular

schools now stands in the way of greater uniformity and less maintenance cost of the schools, the same rule should be applied to eliminate that local control. The rule of give and take, if to be applied to the situation in its full force and effect, as it has in part been applied, should be so applied to the fullest benefit possible in the interests of taxpayer throughout the state, who now contribute to the support of each school in the state. This class of taxpayers have given their support to the schools in taxes paid, and should be entitled to such a revision of the school laws as will result in the greatest results with each dollar of taxes so paid. It is believed that a county unit system along the lines as above suggested, with power to control the schools of that county, will bring those results. Any saving thus accomplished will be of benefit to every citizen of the state, upon whom the burden of all taxation and all public expenditures finally rests to some extent.

## Authorized Expenditures for Public Purposes

The only real excuse for any taxation at all, is based upon the fact that funds are required to carry out the plans and purposes of what is necessary to public government, as a means of insuring the safety of property, the security of property rights, and what may be termed the "general welfare" of the people.

The power to tax for public purposes is such an unlimited power that an unrestrained use of the power might result in actual confiscation to public use of private property. Up to date no state constitution has undertaken to define, specify, or designate, what may be treated as a public purpose. In some of the states there exist constitutional restrictions as to the amounts which may be levied in annual taxes for the support of the state government. Including under the terms "state government" all the many, distinct, and separate objects and purposes, which have been declared to be "public" objects, or "public" purposes, and placing some limit upon the aggregate amount of tax levies to be made upon the property of taxpayers, for the annual needs of all such purposes and objects. In Arizona the legislature of the state has been entrusted with the power of designating in the first instance what shall be and become a state purpose, and entrusted also with the legislative power of fixing the amount to be appropriated to the support of each purpose designated by it as a "public" purpose. In Arizona, there remains but one limit upon the legislature, and upon its individual members, which is the limit implied in connection with the actual powers in them vested. That limit is

implied through the expectation of the public, that each legislature, and the individual elected members thereof, will ultimately voice the will of the whole people as to matters pertaining to public purposes created or continued by that body, through legislative action, as well as voice the will of the people, when that will has been unequivocally announced in favor of lessened expenditure and consequent economy and tax reduction. The limit is therefor, a limit imposed through the application of rules of actual good faith as between the public which as the principal in interest, and the legislators, as acting agents of that principal. That good faith requires the exercise by the legislative agents, of the utmost diligence, unwavering vigilance, and continued efforts, to the end ultimately desired by the public itself.

### Public Expenditures Must First Be Authorized by Legislative Enactment.

Public officers have no power to expend money for any purpose, unless that power is created by act of the legislature. The legislature has full power to determine in advance the maximum amount to be finally expended for any purpose. This power in the legislature includes a control not only of what may be expended under direct state control, by the administrative officers of the state, but extends to a control over the cities, the towns, school districts, and other municipal districts, and over all the counties of the state. The legislature of the state has power under which it may abolish any public activity by it created, and power to decide upon the financial needs of every state department, state institu-

tion, and state office and state officers. It has full power to prescribe the duties, powers and functions of counties and county officers. The same power and cities and towns. In the exercise of these powers of control, it can absolutely control the amounts to be expended for any county purpose, and for all county purposes. Where in the past, a public purpose has been recognized as such by the legislature, with appropriations authorized as authority for expenditure in pursuing those purposes, another legislature has the power to curtail, or change the nature, scope and extent of any such purpose, and do the same in regard to amounts appropriated.

There are some exceptions within what is stated above. Where public bond issues have been authorized by the legislature, and bonds have been issued and sold under that authority, the interest and principal of those bonds must continue to be paid. Where salaries of officers have been fixed for a given term, the general rule is that the legislature may not decrease those salaries during that term, a rule however which does not prevent a legislature from discontinuing the office itself, and thereby doing indirectly, what cannot be done directly, stop the salaries of officers connected with any public activity which a legislature may consider as no longer necessary.

### The Legislature Has Power to Declare What Shall be Done and How Much May Be Expended in Performing Public Activities.

The legislature in prescribing the powers and duties of officers, can curtail

those powers in any manner deemed advisable. It can so prescribe that the officers perform those duties in person, or, in event outside help is used, require payment for such help to be made by the officers themselves. The legislature does not use the powers of control over expenditures of public money, when it prescribes salaries for certain officers, of the state, counties, cities or towns, and prescribes also the salaries for and numbers of deputies to be employed in those offices, and winds up by providing that the head of such offices, that with the consent of some other board or body, may also employ "such other assistants," make such "expenses, and expenditures, as may be necessary" to conduct the affairs of such an office. With such wide open powers passed along to officers the real power of the legislature is in fact delegated to subordinate boards and officers. The result is, that no matter how well intended a legislature may be, with intention to limit the amount of expenditures of counties, towns and cities, that intention is not given force in actual practice. An example of such a situation appears in the county classification law, where the legislature undertook to specify as to salaries, numbers of assistants, and some other details as to the counties of different classes, all as a means of controlling the expenditures for the conduct of the routine business of the counties, and then amended the law, by injecting an authority to employ such other assistants, and make such other expenses, as might be necessary to a proper conduct of the affairs of the office.

When the so-called budget law was enacted, and was followed up with the provisions of the financial code which repealed all continuing appropriations that existed as connected with state boards, commissions, departments, and offices, and repealed all statutes which contained "so much as necessary" provisions, or similar provisions which prior thereto had been construed to authorize expenditures limited only by the officers in charge of various state offices and state activities, that change of law was enacted to prevent an expenditure of public funds, in excess of amounts specifically allotted to each public purpose for expenditure. Under the financial code and the budget law, the legislature so provided that its control of the expenditures of state funds would be a real control. There exists no reason why similar restrictive legislation could not be enacted to control and restrict the expenditures of counties, cities and towns.

**Some Instances As To Uncertainty As To What the Legislature Has Really Intended to Authorize for Expenditure.**

In the code of the state which authorizes the organizations of incorporated

towns and cities, there appears provisions, which upon their face limit the tax rate per hundred of valuation of the taxable property of towns and cities, not to exceed a certain rate per hundred for salaries of officers, for the ordinary and contingent expenses of the towns; and not to exceed a certain other rate per hundred for the purpose of constructing and repairing streets, sewers, sidewalks and crosswalks, or bridges and culverts, upon such streets and sidewalks. Still other provisions authorizing an issuance of bonds for highways and streets, water-works, lighting plants, and sewers, coupled with authority to levy additional taxes which may be required to pay interest upon all such bonds and annual installments upon the principal thereof. With still other provisions authorizing rates for service to cover all maintenance, operation, and charges as connected with such utilities as water, lights, heating, etc. These rates per hundred for salaries, and other annual and continuing expenses of towns are in fact elastic. With increased growth of a town, the values of property will increase, and the amounts raised within the limits of rates would increase also in proportion. But no matter what the legislative intent may have been towards limiting the amount of town and city expenditures, when it limited the tax rates as above referred to, there remained upon the books an authority in town councils to "license, tax and regulate" a list of necessary, lawful, and indispensable, classes of business, without which the public of the town could not obtain the necessities of life. The ideas of various town councils as to what should be raised for the salaries, contingent and other expenses of their towns, and for other town purposes, ostensibly to be met within the limits of the tax rates prescribed, seems to be at variance with the ideas of the legislature. Old "license tax" ordinances, and new "license tax" ordinances, are coming into use under the provisions of which, and as purely revenue measures, the amount of town and city funds raised and available, would in some instances equal or exceed, the total amounts authorized to be raised by direct property taxes. The legitimate merchant, who pays his direct taxes is also called upon to pay an additional "business tax," under these license laws, for the privilege of doing business at all, and thus called upon to pay an additional sum to support the town out of proportion to amounts paid upon property generally and for expenditure according to the ideas of a town council as to the necessity for such expenditure.

Since Statehood there has been what is known as the "ten per centum" limit law as applied to increasing taxes for general county and county highway

funds, one year as compared to the preceding year. There has been scarcely a year in which every county in the state has not "taxed to the limit," and in many instances, beyond that limit. Purposes have been found, new purposes added to old ones, through which all county funds which it has been possible to raise have been raised and expended. There has been no real limit in the law, and no limit in practice, as to what are county purposes, nor as to what amounts may be expended for what is finally deemed to be such purposes.

**Impossible To Accede to Every Demand For Public Expenditure and at Same Time Reduce Aggregate of Taxes and Public Burdens.**

For over twelve years the attitude of administrative officers has been to give all of the public, all of the public service, any considerable portion of the public desired, if ways and means could be provided to so do. The result has been that public expenditures have increased by millions of dollars, year by year, without any let up to that increase. If the people have been indulged in their past desires, and really as a whole still wish a continuance of such indulgence, regardless of what it may cost them in taxes to pay for what has been given them, then legislative bodies are following the will of the people, by pushing the ball along, and let the volume of increase grow and grow into increased demands for public money to so do. If, however, the public really desires less expense and less expenditure as connected with public affairs, the work of legislative bodies is marked out, such bodies of necessity must apply the knife and pare down excesses, cut out useless and unnecessary items, and do so with the accuracy of an experienced surgeon.

It is self-evident that the people cannot have, at public expense, everything which comes to their fancy as of possible desirability, unless that same people as taxpayers are willing to foot the bills. Public economy and tax reduction cannot be accomplished until public purposes supported through public funds are confined to such purposes as indispensable to good government. The work of the legislature if directed towards economy includes a sorting out of what is actually necessary from what is not so, and with that sorting accomplished, so legislate as to limit and control the amounts of public money which may actually be expended for the support of what remains as necessary public activities, whether those activities be of the state, its counties, cities and towns, or other taxing districts, and regardless of whether the funds to meet such authorized expenditures may be derived from direct property taxes, other kinds of taxes, or other possible sources of public revenue.



## "TAX REDUCTION AND THE INCREASED COST OF EDUCATION"

One branch of governmental activities which has produced its share of increase in taxes, is embraced under the head of education. The real American people are firmly imbued with the intention of giving their children the best of everything possible in the way of an education as a means of better fitting them for the stern realities which will confront them as men and women of the future. No one would attempt to discuss the merits involved in the question of so educating the children of today as to fully qualify them for the problems of their future. No one can gainsay the truth of the proposition that future progress and the stability of all that goes to make up the better things of life, depends upon true lessons firmly impressed upon the minds of the pupils of today, which lessons bring home to those pupils the real truths, the real principles, and the real things which now stand, and will stand in perpetuity for continued progress, enlightenment, and final happiness of mankind. That is real education. That is what the public demand. That is what the taxpaying public when contributing to the cost of educational institutions expect. That is what should be accomplished by our educational system.

At the same time, there exists no reason at all for any lavish expenditure of public money, under the guise of being for "educational purposes." The same public which has more than a generous and liberal minded feeling as to properly supporting such purposes, cannot finally complain as to the aggregate of the cost, when it shuts its eyes to the details of items which enter into the aggregate, and when that public goes on year by year, watching the marker of cost steadily going upword, with no attempt at any question as to that rising cost, and by seeming indifference, assume an attitude of "let the cost be what it may," and take no note as to for what the school money is actually expended. The suggestion which appears above contains no implication that school money is ever expended for other than purely educational purposes, that suggestion is cautionary to the end that no practices connected with the expenditures of such funds may come into existence in Arizona, similar to those commented upon in an article published in the Nevada Tax Review, wherein appears an extract from a survey of a number of school districts, made by the State Federation of Taxpayers' Associations for the use of the 1923 legislature, as follows:

"Since the Taxpayers constitute largely the parents of the children, the greatest asset of the state, they stand unalterably for first-class schools. In fact, they

have been so thoroughly in favor of giving their children the benefits of a good education that they have overlooked ordinary precaution in scrutinizing school expenditures, to see whether they were getting a dollar's worth for every dollar spent. There has been too great a feeling on the part of the average taxpayer and parent that school expenditures are sacred and should not be inquired into, as are other expenditures.

"Therefore, since we are compelled to do some real thinking about the relation of educational costs to increasing taxation let us take a recent survey of a number of school districts in this state made by the State Federation of Taxpayers' Associations for the use of the 1923 legislature. This survey was made by expert investigators and is reliable in every respect. Since it is too voluminous for quotation we will state the gist of it in our own words.

Generally speaking, it was found that there is a tendency among school districts to be extravagant with public money, when it comes easy, as for instance where a considerable percentage of the property within the district is non-resident owned. Expenditures are made in the name of education which properly belong to the private social life of the community. One of the greatest difficulties encountered in making this survey was the laxity with which the district vouchers were made out, no information being given in a large number of cases which would enable checking the legality or propriety of expenditures. Since our object is to show a condition rather than to criticize particular districts, the names of those discussed will be withheld.

Consider the following condition. Here is a district that is fortunate in having a public utility property within its borders. It has only thirty-six pupils, yet under the guise of building and equipping a gymnasium it constructed at a cost of over \$56,000.00, a handsome structure designed and used chiefly for community entertainment purposes. The following are a few of the expenditures made by the district which were charged to the "cost of education": Moving picture machine, \$500.00; feature films (such titles as Billy Blazes, esq., Red Hot Dollar, and The Love Cheat), \$217.00; radio set, \$139.00; canvas to cover the hardwood dancing floor, \$287.00; piano \$500.00 (in addition to piano in school building); stage curtains, \$138.89; folding chairs, \$621.00; leather upholstered furniture for ladies' rest room, \$258.54; electric range (for entertainment purposes), \$133.50; dishes, \$144.58. The utter recklessness with which they spent the tax money for private entertainment

is enough to make taxpayers begin to think seriously. They even charged the district with \$17.50 for transporting pupils to an athletic event at a nearby town and with another small sum for buying 175 buns and 10 pounds of wafers for a school picnic.

One of the outstanding facts of the survey was that where manual training departments were maintained the most expensive hardwoods, such as mahogany, walnut, oak, and Tennessee cedar are purchased for use in teaching pupils carpentry and the domestic woods with which these very pupils will have to do most of their work if they ever should become carpenters are, apparently, scorned. Where domestic science departments are maintained, they are very lavish in their grocery purchases, running mostly to articles that compose salads. In one district \$400.00 was spent in a single year for groceries, the itemized bill for one month showing repeated purchases of walnuts, oranges, bananas, pineapples, lettuce, Mazola oil, chocolate and bread, but none for materials with which the girls would be taught to make bread.

The purchase of athletic supplies at public expense is a common practice in many districts and represents a considerable outlay. The transportation of pupils is rapidly increasing in cost and in some of these districts represent a third of the school costs for operation. Whereas but a few years ago there was scarcely a district in the state that transported pupils to school free, the present cost of such service is running close to a million dollars a year over the state. One of these districts surveyed had two teachers for eight pupils; another had five for seventy-five pupils. One district spent \$24.00 dollars of the taxpayers' money for ice cream for a field meet. Loose accounting methods make the situation even worse. Charges were made for dances and movies in these school buildings but there was no record of receipts. There was rarely any evidence of the district having received payment for materials supplied by the manual training department to students for the construction of furniture, etc., retained by them for their own use. The financial effect of the swimming pool craze may be seen from the fuel bill of the first district mentioned, which jumped from \$235.51 to \$1,539.53 after the erection of the so-called gymnasium, containing a swimming pool. Is it any wonder then that the per capita cost of education in the districts surveyed varied from \$50.17 to \$464.01. While the various items mentioned are relatively small the aggregate, over the whole state, might be very large."

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TWELVE.

PHOENIX, ARIZONA, JANUARY, 1925.

NUMBER ONE.

## MERE SIGNS OF RETURNING PROSPERITY IS NO REASON FOR INCREASING PUBLIC BUDGETS FOR 1925

The heavily burdened taxpayers are looking towards the horizon of the year 1925, and appreciating with all the pleasures possible the indications and signs of returning prosperity. Like the farmer looking at the clouds and hoping for much needed rains, the hopes are that what is in sight are rain and not wind clouds, so the public are really encouraged by the signs of prosperity and hope against any failure of those signs. But, whatever the signs, a wise farmer does not count the chickens before they are hatched, nor plan unnecessary future expenditures, until crops are safely harvested and marketed.

With the incoming of the new year 1925, legislative bodies are in session, or about to be, and planning the subjects for, and amounts of, appropriations for public appropriations for the next biennial period. The drain upon private earnings, upon private business activities of all kinds, due to taxes levied to meet public expenditures, have been heavy drains. Such drains as have nearly produced stagnation in the channels of business, which must continue that prosperity return as an assured fact. There are two courses open, the one upon which public appropriations can be increased in reliance upon signs, and thus surely increase tax burdens, whether prosperity actually returns or not; the other, through which public appropriations may be shaped according to known financial conditions and the real present ability of the taxpaying public to supply funds to meet such appropriations, a course based on realities in present form, rather than upon anticipated hopes as to future bettered conditions and prosperity in fact. If the latter course is pursued when public budgets are planned by legislative bodies, the taxpaying public will at least be given a chance to "catch their breath," after a hard pull at taxpaying, and if signs of approaching prosperity actually materialize in the next biennial, taxpayers will then be reinvigorated and more ready and willing to undertake a financing of increased budgets of and for necessary new public activities, and enlarged scopes as to matters of present ones.

The time seems to be one when appropriations should be made under the rules of "play safe," that tax burdens may not be actually increased, during a period in which returned prosperity remains still a sign only in the horizon of hope and vision.



## EDITORIAL COMMENT

### THE FIGURES OF DELINQUENT TAXES IN ARIZONA

The table which appears in connection with this article is a compilation, county by county, of all the counties in the state, which shows the respective amounts of taxes due and unpaid therein, with separate columns which show the amounts of such delinquent taxes due the state, due each county, due for special district taxes, and due for all other taxes, which have been levied under authority for tax levies, and which were unpaid and delinquent up to and including the tax rolls of 1923, and which covers the fiscal year which ended June 30, 1924.

The table shows that \$850,776.10 is due the state; that the sum of \$1,525,157.16 is due the various counties; and in addition to common school and other school taxes spread over the counties at large for school purposes, the table shows a total of \$739,170.24 due various school districts of the state on account of special district levies. Other special districts, organized for special purposes, and being districts which were described as to their purposes in the preceding issue of the Magazine, have total delinquencies amounting to \$584,917.84. The table shows a total of \$3,700,021.34 of delinquent taxes.

The public in general is interested in the tables and the situation which the figures thereof presents. The delinquencies are there in plain figures, the public must go behind those figures to ascertain the reasons which have produced an aggregate of over \$3,700,000.00 in delinquent taxes. Where lies the blame. Wherein and whereby will come a remedy, such a remedy as will bring the unpaid taxes into the treasuries of the state and counties, and prevent a continuation of conditions through which still further delinquencies may pile up in the future.

This Magazine is not willing to believe that property owners who are listed upon the tax-rolls of the state are intentionally delinquents to the extent of willfully evading the payment of their just portion towards the support of public activities. As a class taxpayers strive and strain to pay their taxes. There may be those who are willful shirkers, should there be such, then they should be placed in a class by themselves for special treatment. The main thing to be con-

sidered is what reason exists for such a general and widespread delinquency as shown by the figures of the table.

#### New Public Purposes Rather Than Ordinary Costs of Government Has Increased Taxes

Can it be possible that the private activities, enterprises, business, and endeavors of the individuals who comprise the taxpaying public, are actually unable to meet the demands made upon them through the various forms of taxes imposed for the support of public activities? State taxes, county taxes, special school district taxes, other special district taxes have multiplied the aggregate of such public demands for the present as compared with the past several times.

The aggregate of taxes upon the tax rolls of today is more than four times the aggregate of taxes upon the rolls of ten years ago. This aggregate has been made such through demands made and laws enacted through which more and still more of what in the past were subjects of private concern, and then undertaken, if at all, through private financing, transferred from the class of private business to some new class of public business. Certainly taxes would not increase, unless the demands for public funds increased in the same proportion. An examination of the specific expenditures, incident to the needs of what in the past was and still remains as required for the support of ordinary incidents of the government of the state, the counties, the cities, towns, and school districts, will fail to disclose an entire or sufficient reason to account for any quadrupling of the aggregate of annual taxes. Twenty-five years ago, it would be possible to designate and count upon the digits of the hands, all of the generally recognized, almost universally conceded, and inclusive aggregate of what were **public purposes** and as such entitled to the support of taxpayers. With a shifting from private purposes, to what are now included as proper "public purposes," one would need as many fingers as a thousand legged insect, if a start was made to mark them all off without running out of markers before the finish. But dropping the illustration, it is true that while there has been an increase, possibly no more than what may be call-

ed a normal increase in the costs of maintaining the ordinary and necessary activities of government, (measured by the standards of the past), the real increase in expenditures and costs, which no account for the increased aggregates upon the tax rolls has come about through adding to the numbers of public purposes as those purposes existed and were considered such in the past. Look at the table of delinquent taxes, and under the head of "All Other Taxes," and notice a delinquency of \$584,917.84, remembering that under this head is included delinquent taxes for special district purposes, and that the \$584,917.84 does not include the entire tax levies for those special purposes, and a reader does not need to go outside this article and the table for an illustration of the proposition above made, which relates to the reason for increased aggregate of taxes.

#### Power To Tax Without Limit Granted Special Districts May Overburden Taxpayers.

Every new public purpose calls for more public funds. If that purpose is declared to be a state purpose, then it goes the aggregate of state taxes. If new county activity is created by law, the cost thereof, increases county taxes. So with cities, towns, and school districts. Under the laws relating to special districts which have taxing powers, and powers to issue bonds, and all such districts have both powers, a few property owners residents of a district may create a district, create taxes, and issue bonds regardless of the desires of other property owners who may reside elsewhere and thus have no voice in the matter. And thus, from one cause or another, the many streams of what is called "public purposes" are annually collected into that flood of taxes which immerses the willing taxpaying portion of the public as well as those who are indifferent, and is it to be wondered at, that many of the willing are swamped in that flood and actually unable to face it and pay?

The proponents of each new "public purpose" lay claims to being for public progress and advancement. Those who fail to fall in line are often styled pessimists and even "knockers." But with due regard to all well intentioned among those who are ready to support every

new public proposition which may have a tendency to stir things up and result in the expenditure of public money at public risk as to real results from the benefits which may or may not follow those expenditures, and speaking for those who are equally in earnest for permanent progress, even if not so openly energetic, attention is called to the old adage

of "MAKE HASTE SLOWLY," and it is suggested that an application of that old adage as a rule to apply to many of the now existing "new public purposes," and to apply to others which are now in the air for proposal as to be further "new public purposes," and let the public remember that the way to ultimate progress and final success is a long hard

climb, and with the concrete fact that many of the public are unable to make the pace now set for them, i. e., are necessarily delinquent in tax-payments needed to support that pace, the whole line of march can be kept moving at a safer slower step, all "make haste slowly," and the entire public finally reach the top, without disaster to any.

#### TOTAL OF ALL DELINQUENT TAXES AS REPORTED BY COUNTY TREASURERS AS OF JUNE 30, 1924.

County	State	County	School Dist.	All Other	Total
Apache .....	\$ 16,528.58	\$ 46,564.33	\$ 1,612.03	\$ 180.50	\$ 64,885.44
Cochise .....	84,695.22	84,753.47	66,176.72	43,316.35	278,941.76
Coconino .....	14,567.53	33,752.82	7,880.22	8,322.53	64,523.10
Gila .....	47,389.01	49,693.15	20,171.79	80,824.12	198,078.07
Graham .....	65,771.19	31,942.25	49,269.65	47,136.09	194,119.18
Greenlee .....	22,470.63	40,438.94	19,953.28	14,170.86	97,033.71
Maricopa .....	285,691.54	596,625.37	447,861.61	234,763.05	1,564,941.57
Mohave .....	33,910.05	84,685.80	1,124.43	2,444.10	122,164.38
Navajo .....	21,224.63	57,796.38	15,447.58	19,842.70	114,311.29
Pima .....	59,933.68	116,985.57	18,048.18		194,967.43
Pinal .....	71,921.06	88,894.89	38,683.80	34,706.55	234,206.30
Santa Cruz .....	39,916.55	113,541.15	20,430.64	34,544.77	208,433.11
Yavapai .....	40,803.51	44,484.41	11,807.06	3,250.54	100,345.52
Yuma .....	45,952.92	134,998.63	20,703.25	61,415.68	263,070.48
TOTALS .....	\$850,776.10	\$1,525,157.16	\$739,170.24	\$584,917.84	\$3,700,021.34

## The Delinquent Tax Problem Needs New Legislation

With an accumulation of nearly four millions of dollars in delinquent taxes upon the tax rolls of Arizona, the finances of the state are naturally thrown out of gear. Each year estimates are made as to the amounts required to conduct public affairs, and taxes are levied accordingly. The amount levied based upon the amount required for the budgets, less other sources of revenue. When at the end of a fiscal year, it is found that a large amount of taxes anticipated to meet expenditures for that year, have not been paid, the result is either unpaid public bills, registered and interest drawing warrants, or private persons who are creditors of the public must carry the burdens incident to depleted public treasuries, so depleted through the fact of tax delinquencies. Then follows a necessity for meeting such a situation. There is only one sure way to meet public obligations, and that is through taxation. So more taxes are levied, to meet not only the requirements of a new fiscal

year of public business, but to cover the delinquencies of the past. Thus eventually the paying taxpayers are carrying the public burdens of themselves and their delinquent neighbors. Of course a portion of the delinquent taxes of each year are finally paid, but that payment is of no benefit to the doubly taxed portion of the public which has promptly paid taxes without any delinquency. This is only one phase of the effects of delinquent taxes.

There is still another phase of more practical importance. Since statehood there has been repeated sales of state lands at the minimum sales price of three dollars per acre. These lands were desert lands, their real value was unknown and speculative, their purchasers bought with the idea of speculating. Upon such sales being made, these lands found their way to the tax rolls. Taxes were assessed against them for state and county purposes. But the lien of such taxes could not be enforced as against the lands

without violating provisions of the Enabling Act and the state constitution, until the lands were finally paid for and title thereto vested in private ownership. Thus all of these lands are really of no certain values for purposes of taxation. In several of the counties the amounts of losses in unpaid taxes levied against the state lands thus sold under long time contracts, has amounted to thousands of dollars. Throughout this state and in all the states there are many abandoned efforts at homebuilding. Public lands have been entered, improvements have been made, the hopes of entrymen have not been realized, and even though patents may have been obtained therefor, the lands have become vacant. Yet for taxation purposes many of such lands have been placed upon the rolls, taxes levied and remained delinquent year after year. Such taxes are delinquent and will remain so. This class of property, and similar classes, should be searched

(Continued on Page Six)



## County Expenditures from General Fund and Road Fund for Two Fiscal Years, 1922-1923 and 1923-1924

The Auditing department of this association has prepared the table which follows, and which gives the aggregate figures of the expenditures of the various counties in the state, made by and on account of the various offices and county institutions referred to in the table, confined to strictly county raised funds, not including any school funds. The table covers the expenditures in each county for two fiscal years—1922-1923, 1923-1924.

The question of what it costs to conduct the affairs of counties is one which has not heretofore been made the subject of any table from which to compare, county by county, and office by office, the similar costs of like offices in all the counties. This Magazine has heretofore published figures which covered all the counties of the state, confined to the aggregates of expenditures made from the general funds, road funds, common school funds, and special funds, but the

table given below still further details the reasons for those aggregates, by charging the items which were included in aggregates to the particular branches and offices in county government which made the actual expenditures.

No effort will be made in this article to detail any comparisons as between the figures shown in connection with any office in any county, as compared to expenditures in other counties made for similar offices. The figures of the table

### COUNTY EXPENDITURES FROM GENERAL FUND AND ROAD FUND

		APACHE	COCHISE	COCONINO	GILA	GRAHAM	GREEN
ASSESSOR'S OFFICE	1923	\$ 3,356.32	\$ 18,150.00	\$ 8,328.65	\$11,798.69	\$ 3,845.07	\$ 4,268.00
	1924	3,902.13	19,540.07	8,359.82	13,647.29	3,943.36	3,657.00
COUNTY ATTORNEY	1923	2,505.13	10,990.03	4,892.04	7,907.18	3,382.41	2,701.00
	1924	4,992.42	9,943.84	5,562.15	9,385.71	3,412.70	2,823.00
BOARD OF SUPERVISORS	1923	7,834.58	23,339.00	11,754.87	9,476.80	7,562.10	8,666.00
	1924	8,149.47	18,417.75	11,329.74	9,030.69	7,407.94	7,951.00
RECORDER'S OFFICE	1923	1,988.55	9,610.22	5,515.86	7,165.70	3,233.19	3,903.00
	1924	2,299.96	9,362.54	6,833.22	6,736.15	3,391.90	3,395.00
TREASURER'S OFFICE	1923	2,290.71	22,479.59	5,721.52	6,973.81	3,924.59	3,274.00
	1924	2,288.00	18,010.77	6,483.34	6,401.31	3,548.58	2,821.00
SHERIFF'S OFFICE	1923	7,679.02	49,986.65	30,975.98	50,110.93	9,688.36	16,076.00
	1924	8,189.35	44,423.23	32,519.98	50,302.76	9,773.02	13,205.00
SUPERIOR COURT	1923	8,427.92	45,007.16	17,886.34	27,313.91	10,842.53	6,868.00
	1924	11,079.59	41,836.54	16,767.34	25,771.65	12,484.55	11,664.00
JUSTICE COURTS	1923	6,877.22	38,153.11	7,483.94	20,223.91	4,455.48	11,194.00
	1924	6,619.53	38,040.97	7,905.36	19,367.97	4,349.10	10,295.00
HEALTH DEPARTMENT & COUNTY HOSPITAL	1923	4,484.40	72,486.79	21,093.47	46,218.42	4,735.31	20,911.00
	1924	4,683.48	75,624.21	22,117.17	85,305.59	5,061.80	22,833.00
COURT HOUSE & PARK MAINTENANCE	1923	2,684.86	7,990.00	10,662.92	4,641.52	4,913.70	5,410.00
	1924	3,385.63	6,444.41	11,165.63	5,809.17	10,836.93	3,688.00
ELECTIONS	1923	2,206.71	26,196.19	7,692.54	9,599.73	1,912.64	1,887.00
	1924	242.87	2,536.78	3,105.55	331.50	329.48	219.00
MISCELLANEOUS COUNTY EXPENSE	1923	3,050.51	19,760.84	18,658.75	6,654.36	2,459.24	7,245.00
	1924	4,235.66	21,586.49	17,259.49	8,243.60	3,414.84	5,715.00
TOTAL GENERAL FUND EXPENDITURES	1923	53,785.93	344,209.58	150,666.88	208,084.96	60,954.62	92,404.00
	1924	60,068.09	305,767.60	149,408.79	240,333.39	67,954.20	88,271.00
TOTAL ROAD FUND EXPENDITURES	1923	23,334.73	178,758.02	133,670.98	366,162.87	26,793.29	31,340.00
	1924	22,897.54	196,631.67	166,153.13	277,445.06	36,451.25	44,724.00
GRAND TOTAL	1923	77,120.66	522,967.60	284,337.86	574,247.83	87,747.83	123,744.00
	1924	82,965.63	502,399.27	315,561.92	517,778.45	104,405.45	132,996.00

are there and speak for themselves, and will leave our readers to the making of such comparisons, deductions, and conclusions as they may appear from those figures. The matters of what it costs to operate an office in one county, as compared to the cost of operating a similar office in another county are matters more or less controlled by the local conditions which control as to each such office. Whether one office or all offices of any county have more reason for expenditures, than reasons exist connected with required expenditures connected with the same offices of another county, are reasons local in nature. Whether the costs of operation can or can not be reduced, is a problem to be solved by the public in each county. The real and con-

trolling question in such problems, is the real needs of that public for the public service in fact rendered and to pay for which, public expenditures are made. If taxpayers of each county feel that the public expenditures are in excess of what is really needed, their means of determining upon a basis for such feeling, are at hand in their particular county. It is up to the taxpayers to inform themselves as to the details which enter into any expenditure as connected with any office, or with any county activity, to analyse those details in the light of whether necessary or not to the end of properly performing the required public functions in the counties, and with such real information at hand, then tax-

payers are equipped with knowledge sufficient to suggest any possible economy. The man who lets each member of his family "run accounts", and who simply draws checks to pay therefor, may find unexpected inroads have been made in the annual income of that man. Yet an indifference as to what those several accounts are for, involves the result of an unexpected aggregate of them all, if that aggregate is finally too much, it is evidently more or less the fault of the head of the family, that fault of not applying the brakes before the bills were contracted rather than attempting to do it thereafter. So with the taxpayer, those taxpayers who give no attention and who maintain an attitude of silent indifference when public budgets are being made up,

## FUND FOR YEARS ENDED JUNE 30, 1923, AND JUNE 30, 1924

MARICOPA	MOHAVE	NAVAJO	PIMA	PINAL	SANTA CRUZ	YAVAPAI	YUMA	TOTAL
\$ 35,134.57	\$ 6,060.50	\$ 3,277.89	\$13,831.21	\$ 9,490.10	\$ 4,321.77	\$ 9,166.62	\$ 6,741.00	\$ 137,771.18
33,431.49	6,161.75	4,141.81	14,490.12	7,776.37	4,200.39	10,624.04	6,723.00	140,599.51
37,626.31	4,494.25	5,306.20	6,670.71	5,271.55	3,761.50	10,291.92	6,856.23	112,657.26
43,103.39	4,511.33	4,110.52	6,782.00	4,775.01	3,583.06	9,624.58	6,452.89	119,063.21
29,982.50	9,395.75	8,981.19	10,525.18	10,471.89	7,373.46	15,921.97	11,350.10	172,695.59
24,992.19	8,855.26	8,764.68	9,653.63	7,750.43	6,126.23	16,187.15	10,756.35	155,373.26
25,490.34	6,065.82	3,109.45	10,164.65	6,317.92	3,664.44	9,592.07	8,085.02	103,906.67
30,698.84	5,706.40	3,532.08	9,912.95	4,928.53	3,294.86	9,949.43	6,713.46	106,755.53
26,387.37	4,477.45	2,587.98	10,999.02	6,094.91	4,036.22	6,995.11	6,858.60	113,101.74
27,392.46	4,822.47	2,344.63	11,345.31	5,599.27	4,268.28	7,960.22	6,452.64	109,739.01
73,937.53	26,426.41	18,131.85	57,486.53	30,008.24	29,675.99	49,480.65	30,354.66	480,018.85
73,417.42	21,518.83	17,262.26	53,533.98	29,354.96	22,589.15	44,302.32	30,219.99	450,612.98
111,057.37	12,759.10	9,007.45	33,791.71	11,976.19	15,730.55	44,535.02	18,382.81	373,581.83
111,192.42	11,305.19	14,119.02	33,268.52	21,347.81	10,948.38	44,654.20	17,497.92	383,937.53
44,026.80	8,848.45	5,530.53	8,862.50	9,969.26	4,901.00	14,917.97	11,226.62	196,671.19
44,271.26	7,561.81	5,000.02	8,337.50	9,538.80	5,123.96	14,539.17	11,102.62	192,053.27
99,613.98	71,028.59	8,346.80	35,599.44	16,036.78	11,967.33	34,755.42	16,373.65	464,052.25
83,473.88	40,153.56	8,334.67	42,740.15	16,144.16	7,202.23	34,308.39	14,946.92	462,929.34
19,861.29	5,248.06	3,225.65	15,089.50	4,620.09	5,767.20	19,838.31	8,576.34	118,529.84
31,223.22	5,685.05	7,032.22	13,613.61	3,573.20	4,698.56	23,206.11	8,131.08	138,493.07
35,546.71	6,270.58	4,604.02	10,715.80	3,729.06	1,634.73	9,584.04	5,599.35	127,179.17
3,137.93	617.84	441.73	967.90	148.25	172.31	567.30	523.94	13,342.55
47,323.64	8,635.58	5,210.80	57,912.66	8,286.24	6,750.88	43,084.87	13,635.15	248,669.05
56,300.03	10,192.77	5,428.36	28,154.41	7,227.59	7,324.22	27,868.14	12,802.51	215,753.94
585,988.41	169,710.54	77,319.81	271,648.91	122,272.23	99,585.07	268,163.97	144,039.53	2,648,834.62
562,634.53	127,092.26	80,512.00	232,800.08	118,164.38	79,531.63	243,791.05	132,323.32	2,488,653.20
166,904.21	77,559.41	15,715.04	114,545.11	79,467.67	24,486.07	155,114.14	35,728.34	1,429,579.96
174,762.06	70,930.70	44,011.51	140,318.08	98,330.54	19,921.81	244,393.81	54,136.37	1,591,107.84
752,892.62	247,269.95	93,034.85	386,194.02	201,739.90	124,071.14	423,278.11	179,767.87	4,078,414.58
737,396.59	198,022.96	124,523.51	373,118.16	216,494.92	99,453.44	488,184.86	186,459.69	4,079,761.04



when public expenditures are being planned, if taxes are finally above what that taxpayer thinks they should be, the blame rests upon no one but the taxpayer. The taxpayers are the public, which is the head of the "the public family" of public officers. As such head, taxpayers can if they will control the amounts expended, by putting on the brakes of actual necessity for expenditure, before permitting any expenditure at all.

When the general taxpaying public informs itself as to what is really needed to carry out the requirements of the different branches of local government, and sees to it, that actual expenditures do not exceed those actual needs, and do not exceed what the public itself, as taxpayers, can afford to pay for in annual taxes, then taxes which are necessary to meet actual expenditures will be lessened if it is possible to lessen them.

The tax burdens of the taxpaying public will never be decreased during a period of actual indifference on the part of taxpayers as to what are treated as public purposes involving an expenditure of public funds, and a like indifference as to how much is expended for such purposes. "If you want a thing done, do it yourself," so if taxpayers desire reduced taxes, the taxpayers themselves must act for themselves to that end.

## The Delinquent Tax Problem Needs New Legislation

(Continued from Page Three)

out and stricken from the tax rolls.

There is yet another class of property as to which taxes are in many classes delinquent. Referring now to property which is mortgaged for more than its present sales value. The equity in such property is constantly changing hands from one private person to another, the consideration paid goes to stay off foreclosures. New purchasers get all they can out of the land while it is held by them, and then let go. In the meantime, taxes which may be delinquent thereon remain delinquent.

The public must have money to carry on. Taxes must be forthcoming for that purpose. Delinquent taxes are worse than a bad debt to a business man, they are really liabilities to be met by the taxpaying public.

### Suggestions to Prevent Continued Delinquencies of Taxes.

There are suggestions of a general nature as to new laws to cover the question which is here discussed. From the illustrations of instances above given, it is suggested by this Magazine that such legislation should include provisions

along lines as follows:—

(I) In every case of sale of state land upon time contracts, the purchaser thereof, in addition to making initial payments upon such purchases, should be required to give a bond conditioned that taxes assessed against the interest of such purchaser in such lands be paid without delinquency.

(II) That in cases where the taxes assessed upon any item appearing upon the tax-rolls, became and remained delinquent for each of three successive years, it be stricken from the tax rolls with the sanction of the county board of equalization, if to that board the property appeared to be of no real value.

(III) That the record of any deed, contract, or other instrument, purporting to transfer an interest in the legal or equitable title of lands or improvements upon lands, be prohibited, except upon a showing to the county recorder that all state and county taxes, have been paid for each of the five years preceding the date of such instruments.

The foregoing suggestions are made as suggestions to prevent an accumulation of delinquent taxes, and in part to bring about the payment of past delinquencies. Still another suggestion is, that suits for foreclosure should be predicated upon a showing made to the court, that taxes upon the property involved have been paid to the date of instituting such suits.

### Suggested Scope of Delinquent Tax Suit Laws and Procedure.

The question of adequate provisions of law upon the subject of tax-suits directed to the collection of taxes and enforcing the lien of taxes through sale of the property taxed is a vital question. Such laws should provide for some simple and direct action, as inexpensive as possible, under which the lands taxed are proceeded against, including notice to the owners, if known, to the actual occupant of the lands, if any, and notice to all unknown owners, their heirs, executors and administrators, as well as to all lien claimants, mortgagees and others. The question of "due process", as included in the manner of giving notices of such tax

suits should be carefully covered. One such tax suit, accompanied by the giving of the required notices, a certain day fixed for the filing of such suits each year, and a certain day fixed upon which the Superior Court must hear the suits, with no defenses to such suits, other than evidence that the taxes in question had been paid, prior to hearing. Then a judgment fixing the amount due in taxes from each parcel of land in the suit, followed by a sale through the sheriff's office at and on a day certain, also to be fixed by law. A record of such sales made to include the amount, the description of lands sold, and the name and address of the bidders making each purchase, and if no bidder, then a sale to the county treasurer, for the state and county. A record of the entire sale made in the office of county recorder. Provisions for redemption from such sales. Provisions for deeds to purchasers, and for writs of possession, if redemptions are not made within the time limited. Provisions under which the county treasurer, (or some state officer) may sell the lands bid in for the state and county, subject to redemption as in the case of other sales, or sell the lands to purchasers, after the period of redemption has expired. The questions of fines and penalties, costs, continuing interest, and other expenses attendant upon such proceedings, can be covered in such legislation, and to be in amounts to cover the actual expenses, and a fair interest pending redemption periods. This is a fair outline of tax-suit laws which have been used in many of the states, older than Arizona, and in which states the provisions of their present laws have stood the test of the courts, and made as effective as possible.

As the matter of collection of delinquent taxes is one which concerns all taxpayers of the state, the Magazine has presented the subject to its readers in the above brief review, in addition to which, the Taxpayers' Association and its legal department will be ready to lend such assistance as it may to the end of remedial legislation covering that subject.

## Facing the Facts as to Public Debts

Fortunately the credit of the public of Arizona is good. The bonds of its counties, cities, towns, school districts and other strictly municipalities find a ready market in the money world. In times of real need, credit is a desirable asset whether it is an asset of an individual or of the public. As a general proposition public credit is above par at the present

time due in part to the fact that public bonds are tax exempt, and persons who are seeking investments are at all times looking for the safest interest bearing securities, and at the same time looking for such investments as will make the interest thereon a net income, rather than an income to be depleted by taxes directed either to the principal of the invest-

ment, or to the interest thereon as an income. In the main, public bonds offer such an investment.

The real public indebtedness in Arizona, such indebtedness as includes the bonds issued by the state, its counties, cities, towns, school districts, and other special districts has increased during the past two years over a million dollars, until it now reaches the aggregate of \$43,692,244.31. This aggregate does not include such bonds as have been issued by the cities in Arizona for special paving, and other special districts therein, for special improvements. These bonds are no less public bonds, investments have been made therein, based upon public credit values, even though the particular portions of the public, whose property is specially liable for such bonds, is a segregated portion. Figures are not at hand as to the net aggregate of these special bonds throughout the state. There are figures at hand, given out by civic organizations as to the increased mileage of paved streets within towns and cities, and those figures multiplied by the average cost per lot, block, and mile, of such pavements, would warrant an assertion that between four and five millions of special improvement bonds are outstanding, in addition to the \$43,692,244.31 aggregate of public bonds included in the general statement of bonded indebtedness.

Distribution of Bonded Debts by Counties.

The statement as to aggregate bonded indebtedness in Arizona is taken from figures compiled by the Arizona Tax Commission, which figures show the actual distribution of such indebtedness as to the state, and as to the limits of the several counties of the state in the table as follows:—

Bonded Indebtedness	
State .....	\$ 772,972.43
Apache .....	538,473.50
Cochise .....	2,315,612.38
Cocconino .....	927,000.99
Gila .....	2,278,385.68
Graham .....	889,564.70
Greenlee .....	1,063,764.70
Maricopa .....	17,526,436.43
Mohave .....	814,863.29
Navajo .....	799,500.00
Pima .....	5,713,539.05
Pinal .....	2,237,738.08
Santa Cruz .....	1,338,000.00
Yavapai .....	3,500,301.97
Yuma .....	2,976,091.11
Total .....	\$43,692,244.31

Bonded Indebtedness Considered Upon "Per Capita" Basis.

That table shows that Maricopa county, its cities, towns and school districts, and other special districts, have

issued bonds to an amount of \$17,526,436.43, more than one third of the total bonded indebtedness of the public of the whole state. Maricopa county has the benefit of the Roosevelt Dam and thereunder, the large acreage of irrigated lands under the Salt River Valley Water Users' Association. But attached to those benefits are the burdens over eight millions of dollars unpaid upon the first cost of that irrigation project, to which has been added two bond issues of \$2,500,000.00 and \$1,800,000, respectively, for enlargements of that project. These amounts are first liens upon the lands of the project, and the whole credit of the association is pledged to secure the payment of the bonds. These debts are to all effects, public debts, as the payment thereof is a burden upon the entire area of irrigated lands which come under the whole project.

The good business man looks over his financial situation and considers business prospects in connection with possible income for a new year, considers indebtedness due and to become due, with due respect to interest to be paid. Such considerations are matters of care and caution. Ambitions may give rise to thoughts of enlarging the business, real caution and safety, may deter such acts as would follow those ambitions. The credit of that business man may be excellent, that credit might be used to improve and attempt to enlarge business activities, with hopes for greater profits in the end. But credit is good just as long as it is kept good. No longer. Experience has taught the business man, that his debts must be carried and paid from the sure returns from business activities. It is not pessimism nor through any gloomy thoughts as to future prospects, but good business judgment which may finally prompt that business man to go slow in any further use of his credit. He realizes that it is better to go slow than be sorry.

Consider What Use Has Been Made of Public Credit Before Using It Further.

The new year, 1925, is opening. The Arizona public can do well to take a balance sheet of its financial affairs as a basis for its activities of another year.

That balance sheet will disclose a per capita bonded indebtedness, of over one hundred and twenty-five dollars for every inhabitant of the state, if the actual bonded indebtedness in the whole state is looked upon in the light of a general indebtedness of the whole public of the state. If the people in Maricopa County were to take a look at a balance sheet of the public indebtedness of the public therein, the per capita indebtedness would be over three hundred dollars for each person, due to strictly public debts, such as included in the figures of above table, and would be over four hundred and fifty dollars per capita, if reclamation bonds are included. All of this indebtedness must finally be paid out of the united efforts of all private activities in the state, or in the counties. The aggregate of incomes and earnings of the whole public, is somewhere burdened with the individual activity burdens of every, each and all kinds of private business of the public. So the whole public is concerned, either directly or no less certainly, indirectly, with every form of public indebtedness. If the business man borrows money with which to conduct a business, the public which deals with him, finally contributes to and pays the interest and principal of that indebtedness. The real situation is no different as to public debts. The whole public must finally pay those debts.

This Magazine does not intend to enter the class of pessimists when it urges extreme care, earnest consideration as to purpose, and real public necessity, in connection with any bond issues which may be proposed to the voting public for its sanction during the coming new year. The thought in mind is for consideration of the present situation as to public credit already encumbered, as the prime thought to be kept in mind to the ultimate end that the good credit of the public of the state be permanently assured for use in times of real public necessity, and not abused because it is good, for any purpose of doubtful necessity or doubtful emergency character, and thus further encumbered or possibly impaired and destroyed.

Effect of State Loan System Upon Permanent Land Funds

The public of Arizona are familiar with the provisions of the Enabling Act, and of the State constitution, the one which provided for grants by the United States of four sections of land in every township of the state, or more strictly speaking, confirming prior grants of two sections and adding thereto, two additional sections to become a permanent

fund the income of which to be permanently invested for the support of the common schools of the state, together with other lesser land grants likewise to become similar funds, the incomes from which to support other state institutions, and the other, the state constitution, accepting those grants, consenting to the trusts imposed upon the state as to the



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JANUARY, 1925. 50 Cents

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use of the funds, and as a public, and after twelve years of statehood, may be interested in knowing how the matter has worked out, and incidentally knowing something as to the condition of those state land funds as to annual incomes therefrom, and as to real permanency of the funds themselves.

The Enabling Act, and the state constitution contain similar provisions covering the use and investment of moneys derived from sales of lands granted in trust as above referred to. The provisions are:—

"The state treasurer shall keep all such moneys invested in safe, interest bearing securities, which securities shall be approved by the governor and secretary of state, and shall at all times be under a good and sufficient bond, or bonds, conditioned for the faithful performance of his duties in regard thereto, as defined by this Act and the laws of the state not in conflict herewith."

Thus creating powers and imposing duties upon the highest officers of the Executive Department of the state, which required an exercise by those officers of such discretion, as would result in "safe investments," and interest bearing investments, as well, for every dollar realized from the principal of each and every

state land fund. Being "trust funds," and these state officers, being trustees of those funds, the character of discretion involved, was intended to be such, as would not result, through the exercise thereof, in any jeopardy or loss of the principal of those funds. What class of securities should be deemed such as to be safe securities was plainly left to the discretion of those officers. There is but little doubt, that these trustees, could have executed the requirements of that trust as to the investments of land funds, without legislative suggestion, or direction, as to what kind of security should be deemed "safe." But the fact is that in the land code which was enacted in 1915, a legislative provision was made, as follows:—

"Such moneys shall be invested in the bonds of the United States, bonds of the State of Arizona, or of the counties, municipalities or school districts thereof, or first mortgages on farm lands in the State of Arizona, or as otherwise provided in this act."

and further referring to "farm loans" as authorized, a provision, that;

"Such loans shall only be made upon cultivated lands within the state, and in no case on lands of which the appraised value is less than ten dollars per acre, or to any person, association or corporation more than five thousand dollars."

The result of these legislative provisions was to open the doors to applications for loans to be made upon farm lands, to the exclusion of every other kind of loans, mentioned above as being "safe," i. e., United States, state, county, municipal and school district bonds, and state land funds were in fact overloaned, upon farms as the security therefor. Overloaned, in the sense that, interest, rents, and other incomes from state lands, were at one time treated as permanent funds for the purpose of such loans. By an amendment to the state land code, made in 1917, "unimproved farm lands" under certain conditions could be made security for loans of state land funds. Thereafter, the question of what should be considered "unimproved farm lands" was answered by considering as "farm lands" what in fact were "desert lands," and loaning money upon such lands, for improvements to consist of providing irrigation thereon. The values placed upon such lands in appraisements thereof for loan purposes, were in many instances, not present values, but tentative values based upon a future success of improvements to be added thereto to make lands "irrigated lands." The result as to any real "safety" to such loans, was based upon speculation, in the outset when loans were made, and in many instances finally developed into

entire loss of the loans as the final result of speculating as to future values in cases.

Prospective borrowers succeeded in evading the provisions limiting any loan not to exceed five thousand dollars, through the use of "dummy" applicants for loans. Again the state land fund was the ultimate loser.

The general public which must ultimately stand the effect of such results, through being deprived of a sure and safe annual return in the way of interest, to be devoted to the aid of taxpayers for support of schools, and other state institutions, are not interested in placing any blame upon officers, through whose official acts, the state land funds are now in the real condition which appears from a report of the state treasurer, a copy of which report is attached to the Fourth State Budget submitted by the Governor to the present state Legislature. There is no use in "crying over spilt milk." But when that report shows that out of seven hundred and fifty-seven loans referred to therein, there exists defaults in payments of interest, instalments of principal due, and principal fully matured, as to four hundred of those loans, involving \$287,106.50 due for principal, and \$237,180.65 of unpaid interest, amounts which do not include all delinquencies under the head of "Lyman Dam Loans," the real concern of the public is directed to the real condition of state permanent land funds, which appears from an inspection of that report and a consideration of its details.

The wheels cannot be turned backward, but the future course can be guided. So far as the legislature has power for suggestion as to what may or may not be "safe loans" for investment of these trust funds of the state, the present actual condition of the funds, brought about by policies and course followed in the past, seem to point out plainly some lack of safety. What that lack may be. How it has made its presence felt and the result brought about, is material for consideration. It seems equally plain, that it is imperatively necessary to a continued permanency as to future funds which may be realized from state lands, that safety brakes should be supplied and applied as to future investments of those funds. The source from which such safety breaks may come, nor the officers for whose use they may be provided, is not so important, as it is important to the present and future public of Arizona, that the permanent stability of state land funds, be protected, that the ultimate safety of the principal of those funds may be insured as a heritage to the schools, and other state institutions of the future.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TWELVE.

PHOENIX, ARIZONA, FEBRUARY, 1925.

NUMBER TWO

MAR 5 1925

## CHERISH PUBLIC CREDIT

The American public commemorates the 22nd of February of each year as a fitting tribute to President Washington. His farseeing thoughts and sound public utterances have tended to preserve our country of which he is termed the "Father." As a matter pertaining to public credits and public revenues, and taxation, the attention of our readers is directed to an extract from Washington's Farewell Message, as follows:—

"As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear. The execution of these maxims belongs to your representatives, but it is necessary that public opinion should cooperate. To facilitate to them the performance of their duty it is essential that you should practically bear in mind that toward the payment of debts there must be revenue, that to have revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment inseparable from the selection of the proper objects (which is always a choice of difficulties) ought to be a decisive motive for a candid construction of the government in making it, and for a spirit of acquiescence in the measures for obtaining revenues which the public exigencies may at any time dictate."



## Several Tables of Figures as to Amounts Directly Contributed by Automobiles to State Revenues in the States

The question of revenues to provide funds with which to construct and maintain highways, and answer the ever growing demands of the public for more and more good highways for use of automobile travelers, is an ever present question of interest not only to taxpayers, but to the whole public. Connected with the above question is the incidental one of how to distribute the burden of obtaining revenues required. Industrial roads, such as will aid in the commercial and business development of the state and thus build up the wealth of the state, interest the thoughts of the whole public. To the extent of benefits derived from such roads, that benefit is a general one. Almost hand in hand with such general benefits, are the special individual benefits to each individual traveler, who has occasion to travel by automobile from one portion of the state to another. To such travelers, good roads save individual time, wear and tear of machines, and result in saving of gas and oil. At least these things are urged in connection with demands for more and more improved highways. On the other hand, the demands for improved highways, seems to be in excess of the financial ability of some of the states to provide, through direct property taxes, the funds with which to presently meet those demands. Thus the practice in most of the states is to raise revenues, through license taxes upon automobiles, through gasoline taxes, and through taxes directed to such traffic upon the highways as amounts to public carriage of passengers and freight thereon. These latter features are comparatively new, and came into use with the increased use of highways for automobile traffic and use. The legislatures of all the states have dealt with each of the above classes of revenue, other than direct taxation of property, and what has been done by each and every state in the union, appears in the tables which appear below. Pub-

lished in the Oregon Voter, a magazine publication from Portland, Oregon.

These tables were prepared and compiled by a special committee appointed by the Governor of Oregon, for the express purpose of making such compilations. The table follows:

### FOR HIRE TRUCK FEES

By States, Annual Basis, including Property Tax, Gasoline Tax and Carriers' Tax —Estimated by Governor's Special Committee.

Alabama	\$ 640.00
Arkansas	840.00
Connecticut	415.00
Florida	1,056.00
Georgia	690.00
Idaho	340.00
Illinois	460.00
Indiana	415.00
Iowa	595.00
Kansas	190.00
Kentucky	615.00
Maine	490.00
Maryland	570.00
Michigan	310.00
Minnesota	675.00
Mississippi	365.00
Nebraska	200.00
New Hampshire	335.00
New Mexico	300.00
North Carolina	615.00
Ohio	290.00
Oklahoma	510.00
Oregon	392.00
Pennsylvania	350.00
South Carolina	565.00
South Dakota	350.00
Utah	417.00
Vermont	200.00
Virginia	1,635.00
Washington	463.00
West Virginia	900.00
Wyoming	335.00

### Gasoline Tax, 1924

State	Tax Cent
Alabama	
Arizona	
Arkansas	
California	
Colorado	
Connecticut	
Delaware	2
Georgia	
Florida	
Idaho	
Illinois	Non
Indiana	
Iowa	Non
Kansas	Non
Kentucky	
Louisiana	
Maine	
Maryland	
Massachusetts	Non
Michigan	Non
Minnesota	Referendu
Mississippi	
Missouri	Non
Montana	
Nebraska	Non
Nevada	
New Hampshire	
New Jersey	Non
New Mexico	
New York	Non
North Carolina	
North Dakota	
Ohio	Non
Oklahoma	
Oregon	
Pennsylvania	
Rhode Island	Non
South Carolina	
South Dakota	
Tennessee	
Texas	
Utah	2 1
Vermont	
Virginia	
Washington	
West Virginia	
Wisconsin	Non
Wyoming	
District of Columbia	Non

### MOTOR VEHICLE LICENSE FEES BY STATES.

State	Based On	Fee	Property Tax in Addition
Alabama	H. P.	\$11.25 to \$30.	Ye
Arizona	H. P.	\$5.00 to \$15.00	Ye
Arkansas	H. P. plus Weight	12 1-2c per H. P., 55c per 100 lbs.	Ye
California	Flat	\$3.00	Ye
Colorado	Cost Price	1 1-2% of	Ye
Connecticut	Displacement	\$0.08 per cu. in.	Ye
Delaware	Weight	\$2.00 per 500 lbs.	No
Florida	Weight	50c per 100 lbs.	Ye

MOTOR VEHICLE LICENSE FEES BY STATES—(CONTINUED)			
State	Based On	Fee	Property Tax in Addition
Georgia	H. P.	60c per H. P.	Yes
Idaho	Weight	\$15.00 to \$60.00	No
Illinois	H. P.	\$8.00 to \$25.00	Yes
Indiana	H. P. plus Weight	\$8.00 to \$30.00	Yes
Iowa	Cost plus weight	1% cost plus 40c per 100 lbs.	No
Kansas	Flat plus Weight	\$8.00 plus 50c per 100 lbs.	Yes
Kentucky	H. P. plus Weight	Per H. P. 25c, per 100 lbs., 40c	Yes
Louisiana	H. P.	68c per	Yes
Maine	H. P. plus Weight	H. P. 25c, 100 lbs. 25c	Yes
Maryland	H. P.	32c per H. P.	Yes
Massachusetts	H. P.	\$10.00 to \$25.00	Yes
Michigan	H. P. plus Weight	Per H. P. 25c, per 100 lbs. 25c	Yes
Minnesota	Cost plus Weight	2% of cost, Weight \$12.00 to \$15.00	No
Mississippi	H. P.	50c per H. P.	Yes
Missouri	H. P.	\$5.00 to \$25.00	Yes
Montana	H. P.	\$7.50 to \$22.50	Yes
Nebraska	Weight	50c per 100 lbs.	Yes
Nevada	Weight	35c per 100 lbs.	Yes
New Hampshire	Weight	45c to 70c per 100 lbs.	No
New Jersey	H. P.	40c to 50c per H. P.	Yes
New Mexico	H. P.	40c per H. P.	Yes
New York	Weight	50c to 75c per 100 lbs.	No
North Carolina	H. P.	\$12.50 to \$40.00	Yes
North Dakota	Cost H. P., Weight	0.005% cost 20c per 100 lbs. 10c	No
Ohio	H. P.	\$8.00 to \$20.00	Yes
Oklahoma	Cost	75c per \$100.00 plus \$10.00	No
Oregon	Weight	\$15.00 to \$97.00	No
Pennsylvania	H. P.	40c per H. P.	No
Rhode Island	H. P. plus Weight	Per H. P. 25c per 100 lbs.	Yes
South Carolina	Weight	\$6.00 plus \$2.00 per 500 lbs.	Yes
South Dakota	Weight	\$13.00 to \$35.00	No
Tennessee	H. P.	50c per H. P.	No
Texas	H. P. plus Weight	17 1-2c per H. P., 40c to 75c per 100 lbs.	Yes
Utah	H. P.	\$5.00 to \$12.50	Yes
Vermont	Weight	85c per 100 lbs.	No
Virginia	H. P.	Per H. P. 60c	Yes
Washington	Weight	\$10.00 plus 60c per 100 lbs.	Yes
West Virginia	H. P. plus Weight	30c per H. P., 30c per 100 lbs.	Yes
Wisconsin	Weight	\$10.00 to \$26.00	Yes
Wyoming	H. P.	\$8.00 to \$20.00	Yes
District of Columbia	H. P.	\$3.00 to \$10.00	Yes
Number of States using only the H. P. Basis			20
Number of States using only the weight basis			13
Number of States using H. P. plus weight basis			9
Number of States using only the cost of value basis			2
Number of States using weight plus cost basis			1
Number of States using cost plus H. P. basis			1
Number of States using weight plus flat price			1
Number of States using flat rate basis			1
Number of States using only cu. in. displacement			1
Number of States having no property tax			13
Number of states having property tax plus fees			36

Anticipatory Bonds---Delinquent Taxes Menace to Sound State Financial Condition

For several years it has been found necessary, in connection with the business of the state, to anticipate tax collections by issuing what were termed "tax-anticipation bonds". The continued low condition of funds actually in the state treasury, has rendered it neces-

sary to borrow in advance of receipts from taxes and other state revenues, to save a continued registering of warrants issued according to authorized appropriations for state purposes.

From the standpoint of individuals who must do business with the state, those who have furnished services, supplies, materials, and who may be executing construction and other contracts relating to state public improvements, the plan of having the money ready in the state treasury for payment to them of their dues, results in a saving of discounts



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription FEBRUARY, 1925 50 Cents

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## ANTICIPATORY BONDS — DELINQUENT TAXES MENACE TO SOUND STATE FINANCIAL CONDITION.

(Continued from Page Three)

which might otherwise be required through negotiations of registered warrants. But at the inception of the idea of tax-anticipation bonds, the plan was for the purpose of meeting an emergency, was not intended for the purpose of a continued state policy. One of the original reasons and causes which necessitated the issue of such tax anticipatory bonds, was an unexpected large delinquency in the payment of taxes. It was hoped and expected that this necessity would be of short duration, that the ability of taxpayers, and of others who were indebted to the state, would soon be "on their feet" again financially, and the ordinary routine manner of handling state finances would be again resumed, without the necessity of more tax-anticipation bonds. Indeed the first act of the legislature authorizing such bonds expired by its own provisions.

It appears that some cause still exists, possibly several causes, as reasons why the actual receipts into the state treasury are not large enough, or timely enough, to pay the bills of the state as those bills mature.

### Amounts of Appropriations Should Be Controlled Within Limits of Revenues Actually Collected

It is certain that tax burdens have not been lessened. The aggregate of public appropriations of all kinds has in-

creased. The final aggregate of delinquent taxes, which now amounts to over \$4,000,000.00 for the whole state, its counties, and school districts, has not decreased. The demands for more and more appropriations are before the present legislature. An appropriation for the expenses of the legislature itself added to a building appropriation of \$275,000.00, will strip the treasury of ready cash. More anticipatory bonds are required. Measures are pending before the legislature to authorize the issuance of such bonds as a permanent authority to state officials. This statement and what foregoes in this article is but a brief synopsis of the causes and results which have followed, and which have continued to effect the state treasury, for several years past. It is easy for the state to borrow money, easy to appropriate funds with emergency clauses, to absorb and use the money so borrowed through the issue of tax anticipation bonds. It is not so easy to look for the real causes and enact remedial legislation of which will eliminate such causes that lead to a depleted treasury in advance of actual cash receipts from taxes and other revenues due the state. Good business as applied to private affairs would require action which would prevent private expenditures in advance of ability to pay. The private individual would very soon look over the list of items of the financial requirements of his private business, would segregate the imperatively necessary expenditures, from those which could wait until the revenues of the business could take care of the latter, before permitting actual cash on hand to be continually in the red as compared with bills payable. The private business man would devote serious attention to accounts and bills receivable, as a means of lessening the necessity of loans from the bank to carry on current business operations. Public financial affairs in Arizona present problems no different than these referred to as confronting many a private business.

With four millions of dollars of delinquent taxes, due the state, its counties, and school districts, it would seem that legislation is imperatively needed to put some teeth into the laws pertaining to the collection of these taxes.

With state loans due the state delinquent, both as to payment of interest and principal, with revenues for school, and other state institutions, annually depleted through such delinquencies, it would seem that remedial legislation towards a collection of these loans and interest, is just as important to the continued welfare of the state, as any new appropriation for some new state pur-

pose.

The whole subject revolves itself in the final result of not being able to make both ends meet, as the old saying is, and calls for such decisive action upon the part of the legislative body, as will tend to equalize the receipts with expenditures, to the end that expenditures will not be made faster than funds are in hand to pay.

## The Matter of Appropriation for Expenditures No More Important Than Provisions to Insure Collection of Public Revenues

There is present the thought, that perhaps the surest remedy for a continually depleted state treasury, would be to reduce appropriations. Of course the current expenses of the state government must be provided for by appropriations. There are certain indispensable activities which must be continued. On the other hand each legislature has its full quota of special appropriation bills for special subjects; has made special appropriations in the general appropriation bill, in addition to what was appropriated as required for the current maintenance and support of the state departments and state institutions. As to these special subjects and special objects of appropriation, their aggregate tend to increase the aggregate amount of revenues which must be collected into the state treasury before the state can finally pay out its obligations. There are some subjects as to which special appropriations are requested, which could wait awhile before being funded by appropriations. Let the tax-paying public have an opportunity to catch up with what has been required of them in the past, before loading them down with the burden of presently paying for what can be kept for the future, and the keeping of which will not lessen the real requirements of the present public. Economize in the matter of what is appropriated for, and thus decrease the strain upon the state treasury, until such time as delinquent taxes can be collected, until such time as interest due the state, can be collected; until such time as state land funds can be marshalled and loaned out in what will actually be safe in interest bearing securities. In other words this Magazine while not advocating anything approaching stinginess, nor parsimony in the matter of state activities which are necessary, and of course does not advocate any suspension of any such activity as may tend to the real, present advancement of the state, does suggest that the time is ripe for legislative action directed to safe and sure method of insuring the certainty of a receipt by the state of what is annually due it, and

thus make its income to meet expenditures correspond with the demands to meet expenditures on account of appropriations authorized.

Some action along the lines above indicated, will go a long ways towards removing the necessity for "anticipating" future tax collection through an issue of

interest bearing bonds. And at the same time when once done, will finally assure ready state funds to meet warrants drawn pursuant to state appropriations.

## *Extracts From Sixth Biennial Report of State Engineer of Arizona*

In a report which covers some three hundred and thirty pages the State Engineer has exhaustively covered the subject of state highway construction up to the present, with facts and figures, as to funds needed, and other details as to state highway construction now in contemplation towards the completion of the state highway system, which includes what is known as the "Seven per Cent System," so named for reason of prospective federal aid funds in connection with construction. Included in the report are certain recommendations and suggestions of the State Engineer. Coming as they do from an official who is closely in touch with the subjects mentioned, the Magazine presents to its readers portions of those suggestions, which are quoted below:—

"Those familiar with the operation of Arizona's present highway laws are in accord that revisional and additional legislation are essential. This is a fact that must and will be met. If it is faced now, the highway construction and maintenance that conditions require and must have, may immediately be carried on efficiently and intelligently, thereby providing economic and adequate highways for the present without undue burden now or upon posterity. This necessary legislation should be provided at an early date. Any procrastination by the state legislature will be greatly detrimental to efficiency in highway development, to economic transportation for the present, and will mean a greater burden passed on to posterity. \* \* \* \* \*

### **Ten Cent Levy**

The ten cent levy upon each one hundred dollars of assessed valuation should remain in force for State Highway purposes. Adequate highway facilities materially aid in the development of communities; give greater range to business within the cities and towns, increase the value of rural property by virtue of lower operating cost; and make better schools and social life a reality and a pleasure rather than a dream and a burden. \* \* \*

### **Motor Vehicle Fee**

The Motor Vehicle Fees for all of the States of the Union average little more than \$12 per car. The average fee per car collected under the Arizona law is

approximately \$5.80. The basis for rating cars for the payment of fees in this state has become unfair, due to the change in engine designs of the past few years. A car that has a purchase value of \$500.00 under our present law may pay as much for a license fee as one that has a purchase value of \$2,000.00 or more.

It is recommended that the Motor Vehicle License Law be revised to equalize better the taxation, and also to include a proper tax on tractors and trailers used upon the highways for hauling purposes, both of which are not now included in the present law but should be required to pay their proportional tax. \* \* \* \*

### **Gasoline Tax**

The division of the receipts of the gasoline tax as now provided follows: 25 per cent to the State Road Tax Fund, 25 per cent apportionment; 25 per cent to the State Road Tax Fund, 75 per cent apportionment; and 50 per cent to the county from which the tax is collected, to be expended for the maintenance of county roads and highways only, does not permit of the most beneficial use. \* \* \* \* \*

Therefore it is recommended that a measure be enacted placing a tax of 3 cents on each gallon of fuel oil used for any kind of transportation on the highways, and the receipts be placed into a State Highway Fund, with particular safeguards around the exemptions, if any are allowed.

### **Abolish 75 Per Cent Fund**

The reasons which dictated the establishment of the 75 per cent apportionment fund at the time of the drafting of the laws for the establishment of the Highway Department, and the resultant Highway System, have ceased to exist. At that time there were no State Highways and no State Highway Department. In making the start, apprehension was entertained that if provision were not made by Statute for the equitable division of road monies, political manipulation would work to the undue advantage of the larger and more politically powerful counties, and to the disadvantage of their weaker and smaller sisters.

That condition does not now exist.

During the intervening years, the wise selection of the routes that constitute the present Highway System with the expenditure of State monies thereupon, and the advent of the Federal Co-operation, with its selection of the seven per cent System has resulted in the construction to the present status so that every mile of the system is either under construction or passably constructed to varying degrees of highway standards.

The issue of today is not the selection and the initial construction for the opening to traffic of the routes of the system as of yore. The issue of paramount importance is the reconstruction, betterment and maintenance of the present recognized system to which the present distribution of monies by the 75 per cent apportionment fund is not in any way comparable nor equitable from the viewpoint of the State Highway development.

The county interest in State Highway has long since ceased to be limited by its own boundary lines. Its citizens and business expansion demand that the highways be no respecter of county lines, nor even state lines. The limitation by county lines is directly adverse to the very principle of a State Highway System.

It is therefore recommended that the 75 per cent apportionment of highway funds be abolished, and no limitation by counties be made in the distribution of State Highway funds.

### **Bus and Truck Lines**

The bus and truck lines are appearing in increasing numbers upon the highways, and are essential to Arizona's development. They should, however, pay a fair tax, much in addition to their present mileage tax, to compensate in a measure the other tax payers of the state for supplying them their road bed over which they operate for a profit.

Their constant and heavy duty usage also adds much to the maintenance burden of the state. Such a tax would naturally be passed on to the patrons of the lines, but the better highways resulting from this tax will eventually materially reduce the operating cost of the bus and truck lines, which also will reflect in a reduction of their fares. \* \* \* \* \*

### **Permanency Needed**

The State Highway System should be



legally established and divided into roads of primary and secondary importance, the total mileage of which should not at any time exceed 12 per cent of the total road mileage of the State. In making this selection for an established system, the highways that are now classified in the system should be very carefully considered and if any of them now included are found to be of minor or only local importance, except in the matter of the connection of important industrial or thickly populated centers to the main system, they should be eliminated now

to prevent additional expenditures being made, only to have the section of the system abandoned at a later date. In the initial outline of such a system, the entire allowable mileage need not, and therefore should not be taken up. The future will naturally bring forth new demands. In formulating this outline the first thing that should be done is the drafting of the qualifications of a primary State Highway and for the secondary State Highway. These qualifications should be clearly defined and also be the only qualifications upon which fu-

ture additions will be considered and included.

In addition to this qualification, no addition to the established system should be made unless it is constructed or funds are available and not needed for the established system, or in the case of special provisions being made for its construction. Every mile that a highway system is increased deducts the cost for the increase from the highway system already established, thereby delaying usually, the completion of the most important highways of the State. \* \* \*

## Extracts From Report of State School Survey Committee

Some two years ago the Governor in a message to the Legislature suggested that a complete survey of the state school system of Arizona be undertaken. Later this suggestion was acted upon by the State Board of Education, which appointed a committee for the purpose of making that survey and reporting to the Board. The work of the committee has been completed, the survey made, and while space in the Magazine will not permit a publication of the entire report of survey, there are several subjects commented upon therein which are within the scope of the purposes of this Magazine, and hence the portions thereof that appear below, may be of special interest to our readers, so extracts are quoted as follows:—

### State Educational Organization and Administration

\* \* \* \* \*

The legal basis of the public schools in Arizona is found in the state constitution, which provides for a system of free public schools which includes kindergarten, common schools, high schools, normals, and a state university, together with special commercial or industrial schools and an institution for the care and education of the deaf and blind.

The constitution further requires that all schools shall be open to children between the ages of six and 21 and shall be maintained for a minimum term of six months in the year but later legislative enactment increases the minimum term to eight months.

Constitutional provisions for financial support of schools include a permanent fund, a state tax and a county tax. Four sections of land in each township are set aside for school support and special land grants are designated for the university and normals. Rentals from the school lands contribute to annual maintenance of schools, while sales build up the per-

manent school fund whose income is used for school support. \* \* \* \* \*

### State Board of Education

The state superintendent of public instruction is the executive officer of the board and the chief educational official of the state. His duties are defined by law and are general in nature, among them being the apportionment of money to counties, the collection of statistics, and publication of a biennial report, the publication and distribution of the school law, state course of study, text books, and the various record blanks and forms. He is expected to exercise a general supervision over the schools of the state, to act as secretary and executive of the state board recommending to it for appointment the various members of the state department of education.

His authority is limited and no effective means are present to enforce requirements upon local school officials even in such fundamental matters as uniformity in records and reports, no penalty being provided for failure to comply with such requirements. \* \* \* \* \*

The problem of closer correlation between existing educational agencies conducted by the state has been one of the major problems encountered in recent state surveys. The same problem exists in Arizona where the state university, the two normal schools, the state industrial school, and the school for the deaf and dumb, are each working under the direction of independent boards or officials who are bound together by no effective coordinating agency. \* \* \* \*

The present plan of separate boards for the two normal schools is unnecessary and contrary to the best practice. A state board charged with the determination of educational policies of the state should certainly have charge of the teacher training institutions whose graduates are to carry out these policies and ideals. No important advantage

is gained by the multiplication of boards while the practice does complicate the administration machinery unnecessarily and tends toward lack of unity and co-operation.

### County Superintendents

The county superintendents are theoretically the chief local administrative officials. They are elected biennially at the general election for a term of two years. Their duties are largely clerical and their authority is limited. The county superintendent apportions the county money to the various districts, issues warrants upon the county treasurer upon order from district trustees, keeps financial accounts for all districts, determines the amount of money contributed to the maintenance of schools within certain limits, collects various statistics from districts and makes reports to the state superintendent.

### County Superintendent Supervises

Theoretically the county superintendent supervises the schools of the county. He is required by law to visit and examine all schools within the county except that he need not visit schools employing a superintendent or principal unless he deems it necessary. In educational matters, however, the county superintendent has not the requisite authority to formulate policies and must depend upon suggestion rather than authority to influence district practices. \* \* \*

### The Real Authority

The real authority in school administration is vested in the district boards whose three members are elected by the people of the district, one each year. Boards of trustees possess almost unlimited authority. They determine the annual budget, employ teachers, order expenditures and manage the affairs of the district in general. The county superintendent acts chiefly as a clerk accounting for expenditures, apportioning

money, exercising a "general supervision," and making required reports. The local district sets the school policy, determines the amount of support, spends the money, and carries on its activities practically unrestrained. Small rural districts however, are influenced more or less by the county superintendent, although there is no legal reason why they need heed his wishes or advice.

This form of administrative organization is open to many objections. District boards result in an unnecessary multiplication of board members, a scattering of responsibility and a lack of uniform progressive policy of school development with the county. The best educational thought and the most successful practice in school administration as exemplified in city systems, indicate the decided advantage of a centralized county unit form of administration for the rural schools of the county.

Under this plan a lay county board will be elected which shall set policies and select a skilled executive as county superintendent. This single board will replace numerous rural district boards but will not affect urban districts where a superintendent is already employed. The county system of administration is nothing more than a single large union district embracing all rural districts which do not have the benefit of expert supervision through a superintendent. Local districts will retain a custodianship over buildings and represent their districts before the county board when necessary.

### County System in 18 States

The county system is in operation in eighteen states. It has been successful wherever tried and no state which has tried it has returned to the district system. The district system is a relic of pioneer times. When counties were widely separated and communication difficult, it was necessary to organize separate districts leaving to each the management of its own schools. The district system once prevailed in cities, the various wards constituting separate and independent districts, but this condition has almost disappeared and our cities now represent a large district under a single board and superintendent. In many states this consolidating process has gone beyond the city and we find the county organized as a single district under a single board and superintendent, with the exception that the larger districts employing a superintendent of their own, retain their status as independent districts. \* \* \* \* \*

### Summary

Theoretically Arizona has a state school system, actually she has a loose confederation of fourteen independent county systems with a large number of independent district systems within each county. The chief State and County administrative officials are politically elected and subject to short terms and political influence. Their authority is limited and their activities are necessarily clerical, general and inconsequential. The

plan of a state educational system exists, but in practice it does not function.

Arizona has good schools. She provides liberally for their maintenance and her school expenditures constitute a third of the cost of all governmental functions. The type of schools provided as indicated by buildings, equipment, teachers and financial support, ranks her among the first states of the union in educational facilities and opportunities.

### Clings to Older Methods

In her type of school organization, however, she still clings to the older methods which have been condemned by all leading educational thinkers as clumsy and inefficient in practice, and Arizona's experience has shown these criticisms to be founded on fact. Recent surveys in other states have been unanimous in recommending a newer form of state educational organization which has been developed through years of successful city practice and which is being applied in several states in whole or in part.

Surveys and studies without end may be repeated again and again; weakness and shortcomings may be described and pointed out, but until Arizona sees fit to abandon her present out-lived form of state educational organization in favor of the more efficient type universally recommended, little progress may be expected in the matter of state administration and leadership. The present form of organization does not provide conditions under which leadership can or will flourish. \* \* \* \* \*

## Co-Operation Towards Development of Taxable Wealth of Communities

The entry of a certain value as an assessment value of property for the purposes of taxation is by no means any indication that the property is worth that amount to its owner. The real worth of property depends upon what can be realized from it by the owner. If the property is vacant property its real worth depends upon what it can be sold for and whether after years of idleness, that sale will or may be made at a price which will net a profit over the original cost, plus a reasonable interest thereon and over and above the carrying charges of taxes, insurance and the like. If the property is income producing through renting, then its value to the owner includes the consideration as to amounts of rents actually received, from which taxes, repairs, and other charges are deducted, to obtain an estimate as to whether the balance when added to any possible increased sales value of the property, again

makes a fair return upon the landlord's capital invested therein. To the home owner, whose property is of value only as a home for himself and family, that property is really of value to him, in net financial figures, when the interest upon its cost and real sales value, added to taxes, repairs, and other items of upkeep, do not all together amount to more than what the same home owner could rent similar property for the same purpose. The naked value in dollars and cents of farm property, ranch property, and similar property, connected with which to produce returns there is commonly added the labors of the owner and members of his family, is the amount which could be obtained for such property, in annual returns, if the element of personal effort is eliminated. So the illustration as to values might be continued down through the entire list of classes and kinds of property appearing upon

the assessment rolls, and from the standpoint of the taxpayer, the real value thereof to that taxpayer, is what can be got out of it in rents, sales profits, or other incomes.

The same may be said in connection with labor, skilled and unskilled; of professional men, and others, whose incomes depend upon the result of individual exertions of themselves. Their ability to do things pertaining to their callings and vocations, may be ever so great, yet their earning power is determined by the demand of others for their respective services.

### Supplies to Meet Demands of a Profitable Market to Producers a Step To Prosperity

So with the entire communities of people. The prosperity of each community as a whole, will in the long run depend upon an application of the rule of supply



and demand, and whether what that community produces on the side of supplies, can be put out to meet the demands under circumstances which will leave a resulting balance in profit. An excess production, or an idle element of any kind which could be made productive, is the result of a lack of real demand for what is in fact, or what might be produced. The merchant may cut the expenses of conducting a business to the minimum. The farmer and rancher may toil from daylight to dark. The laborer may avail himself of every opportunity which presents itself for use of his brawn and the professional man, may await clients and patients. Without a demand to meet which the production can be turned at a profit to the producer, real prosperity is absent. Individual prosperity is essential to public prosperity. Real wealth of a community, whether viewed from the standpoint of commercial wealth or taxable wealth, in its last analysis depends upon the presence of community prosperity.

From the standpoint of taxation, tangible property at the present is, in the past has been, and in the future undoubtedly will be one source of foundation of taxable wealth in any community. Whether that tangible property or any other taxable property can be made to produce a profit to its owners or not, it will at all time be confronted with taxes assessed against it, to meet the requirements of public expenditures for current governmental activities, and for interest upon public debts of states, counties, cities, and other municipal divisions empowered to tax and create debts.

The problem of the present public in Arizona is one which includes many demands for increased public improvements, entailing increased public revenues through taxation to provide for those improvements, and includes also the public task of increasing the net earning power of the property, and of individuals, through which to make possible a payment of those taxes, without creating disastrous results to private business through excessive demands to support public activities.

How to create new demands for what Arizona is producing, and can produce, including profitable markets for that production, such as will leave a trade balance in favor of Arizona as a whole is the real question involved in that of co-operation of the public to the end of increasing the taxable wealth of the state and its communities.

#### **Illustrations of Experiments to Produce Profitable Consuming Markets for Local Products**

Other states, and other communities

have wrestled with these same problems. Towns and cities of farming communities have used the bonus systems to the end of bringing manufacturing establishments thereto, as a means of increasing the consuming population, and thus creating home markets for farming products. Colonization schemes have been worked out near over-populated cities and manufacturing towns, to increase the supply of products of farms and gardens, and create demands for an over supply of the unemployed in those cities. Factory towns whose factories were located therein for reason of nearby forests and other natural products, needed in what the factories therein manufactured, are today confronted with the problems created through the near exhaustion of those nearby products, and the excessive costs of supplies that such manufacturing activities may continue. Factories for the manufacture of furniture, other woodenware, manufacturing institutions, cotton mills and many other classes of factories, have found it advisable to locate nearer the sources of supplies for the raw materials needed in what each manufactured. Canning factories have been established throughout the fruit belt of Michigan and other states. The finished products of these factories and manufacturing enterprises, thus leaves the first source of production of the raw materials used in making those products. Perishable fruits, which might otherwise become an entire loss to first producers find a market, which prevents that loss, and absorbs the "over production," not finding a ready and profitable market for the natural fruits as such.

#### **Let Communities Consider Manufacturing of Raw Products Which Do Not Find a Profitable Market in the Raw State**

In the business world competition is keen. Unnecessary expenses connected with the production and marketing of any product mark the red in the producers balance sheet, when with those expenses eliminated, that same balance sheet would show a profit. The result of the community experiences, which has followed the attempts made along line above alluded to, has in many instances been highly successful. One element which enters into all such experiments, is that of creating a market for what a community has to supply, and if no profitable market exists for the supplies in the first form as produced, then create the ways and means through which the final products of that community, as finally offered to the ultimate consumers,

is so offered in a form which can be marketed under conditions which will result in profit. For instance, there have been years in the past, when in the Atlantic states, cotton was a drug on the market. To relieve that situation in part at least, cotton factories have been established in the south. Such factories created demands for labor. That labor in turn created demands for farm supplies and products. The finished materials of those factories could be offered to the outside public, with some expenses of repeated handling, shipping, re-shipping, sales, re-sales, and middlemen's profits thereon, which existed as against a sale of raw cotton, eliminated. The home market, the nearby market for cotton is the local cotton mill. The surplus of raw cotton production can still work its way into other markets, as before.

If the markets for what is produced "in the raw" in Arizona are too remote to overcome the competition when those products are offered upon the same market with similar supplies which can be placed in that market at less risk and less cost, then it may be wise for Arizona producers of raw products, to consider co-operative efforts through which community offerings of products, be such as to get nearer to the actual consumers of what those raw products finally become. When it is more or less apparent that the communities of Arizona cannot control the value of the raw products of the state nor create demands therefor in markets now present, it seems to be up to those communities to undertake the proposition of putting raw products in such form that when offered there will be a market. Build factories, and manufacturing establishments, and thus establish a home market for portions of the raw products of Arizona. These will in turn create new home markets for labor and other factory supplies. With increased demands for labor, the population will increase, new demands will be created for the benefit of the merchants, the landlords with rental property. New values will be established for tangible property. The "middlemen" in the transactions of converting raw materials into manufactured products will be members of the home community and Arizona will reap a variety of profits in many new channels.

With it all, the taxable wealth of the state would be permanently increased in really productive value, and the people can then more surely plan for the future development of the state along lines of public improvements and be assured that private activities can withstand the cost without appreciable burden.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME TWELVE.

PHOENIX, ARIZONA, MARCH, 1925

NUMBER THREE

## NO SPECIAL SESSION OF LEGISLATURE NECESSARY TO PROVIDE A STATE HIGHWAY FUND

The importance of the question of an extra session of the Legislature, if that session is seemingly required for the sole purpose of providing a "STATE ROAD TAX FUND," and upon the theory that no such fund is provided for under existing legislation, and not especially provided for, nor alluded to in any laws of the regular session of the Seventh Legislature which has just adjourned, looms in the minds of the Taxpayers of the state, on account of the cost to them of such a special session, if called. Without intending to intrude upon the province of the office of the Attorney General, and prompted only by the fact that above question is of public interest to all taxpayers, THE LEGAL DEPARTMENT OF THE STATE TAXPAYERS' ASSOCIATION ADVANCES THE OPINION THAT CHAPTER 76, OF SESSION LAWS OF 1923, AIDED BY UN-REPEALED PORTIONS OF THE CODE OF 1913, AND AGAIN BY THE LAW COVERING THE POWERS OF THE DIRECTORS OF STATE INSTITUTIONS AND THE STATE ENGINEER'S OFFICE, LEAVES STILL REMAINING STATE LAWS, PROVIDING FOR A STATE LEVY OF TEN CENTS PER HUNDRED BASED UPON THE ASSESSED VALUATION OF PROPERTY FOR TAXATION PURPOSES, LEAVES STILL REMAINING AND IN FORCE THE THREE CENT PER GALLON LICENSE TAX UPON SALES OF GASOLINE, WITH OTHER MINOR AMOUNTS AUTHORIZED FOR COLLECTION IN THE LAW OF 1923, TOGETHER WITH THE RETURNS FROM COLLECTIONS FROM MOTOR VEHICLE LICENSE FEES, ALL STILL REMAINING AVAILABLE AS LEVIED AND COLLECTED, FOR THE PURPOSE OF A CONTINUED CONSTRUCTION, MAINTENANCE AND REPAIR OF STATE HIGHWAYS. The amount of these funds, will approximate \$1,722,446.63 based upon total revenues therefrom during past year, and even though apportioned in twenty-five and seventy-five per cent allotments as between the state and its counties, the same purpose of expenditure remains, and is for the construction of state highways, including federal aid projects, and the repair and maintenance of the present system of all state highways.

Under this view, no extra session is required for the purpose of providing funds for state highways. An appropriation law still remains for that purpose providing funds for the next two years equalling those of years 1923, and 1924. In the absence of real necessity taxpayers should not be burdened with the extra expense of a special legislative session.



## LEGISLATIVE EDITION

The legislature having completed the work of its regular session, and having delayed action upon the general appropriation bill until the last minutes of that session, this issue of the Magazine presents a synopsis of new laws passed by the legislature and approved by the governor. The next issue of the Magazine will be devoted largely to a presentation of the details of the appropriation bill, with comparisons therewith of appropriations made by the previous legislature. With the two editions before them, our readers will have an opportunity to judge for themselves as to whether or not the work of the legislature was along lines of necessary reconstruction, amendment, or revision of the laws of the state, to the end eliminating the unnecessary, providing for what may be absolutely necessary, to the final end of an economical administration of public activities, confined to such activities as may be really required for an efficient government in this state, its counties, cities, towns, and other municipal divisions and districts thereof.

## *The Results of a Session of the Seventh Legislature of the State of Arizona*

The taxpaying public and that means the entire public of the State of Arizona have been in suspense for a period of over sixty days, hoping against hope, and really expecting that the history of the regular session of the seventh legislature of the State of Arizona would be written in lines of legislation to meet the desire of the public for economy, for really constructive and re-constructive legislation to that end. Relief from the burden of constantly increased tax burdens. Action which would make the state land funds productive of current revenues to be devoted to the needs of the various state institutions, as a sure step towards reducing the aggregate of direct taxes necessary to the support required for such institutions. Legislation directed to the question of handling the collection of delinquent taxes. These in part, coupled with a desire on the part of the public for legislation which would put the finances, and fiscal business of the state upon a real business basis, applied to all business activities of the state, were among the things expected in accomplishment by the legislature. To what extent the legislature in fact satisfied the expectations of the public, will appear from the list of laws which it did enact, a brief synopsis of which appears below. The order in which the numbers of the acts passed by the legislature, and the arrangement thereof given hereafter, follows the order in which the laws will appear in the session laws for 1925, when published, which in turn is the order in which the various acts found their way into the office of the Secretary of State.

The laws are as follows:—

**House Bill No. 1**—This bill appropriates \$93,220.00 for the purposes of the legislative session. Of that amount \$27,720.00 was appropriated for salaries of legislators. \$2,500.00 for mileage. \$36,000.00 for employees, divided into \$21,000.00 for house employees and \$15,000.00 for employees of the senate. Also included \$25,000.00 divided equally between the houses for the "contingent expenses" of each.

**House Bill No. 6**—This is an emergency measure which appropriates the sum of "Two Hundred and Seventy-Five Thousand Dollars for the use of the University of Arizona for emergency construction and equipment on the campus of said University, that the University might be prepared to care for the increased student enrollment." So far as anything appears in this law, the details as to what the real emergency is, does not appear.

**Senate Bill No. 7**—This bill amends the prior laws authorizing special paving districts in cities, by authorizing "poles, wires, conduits, lamps, standards, and other suitable or necessary appliances for the purpose of lighting and beautifying the streets improved," to be included in the contract with the street paving, and the cost assessed against adjoining land owners. This law is also an emergency measure, and in terms is made to apply to all proceedings heretofore initiated for street improvements, where the contract therefor is not let until after the law takes effect, if a majority of frontage owners so petition.

**House Bill No. 11**—An emergency measure appropriating \$1000.00 for the payment of accruing accounts of the Law and Reference Library and other necessary expenses, for the fiscal year 1924-1925.

**Senate Bill No. 20**—Authorize the disposal of bodies of executed convicts unclaimed by relatives, for use for scientific purposes. Annuls all prosecutions heretofore commenced on account of disposition of bodies heretofore made by the superintendent of the state prison.

**Senate Bill No. 21**—This is a referendum measure to be submitted to vote of the people to repeal the existing game laws enacted through previous referendum.

**Senate Bill No. 9**—Authorize the issue of tax anticipation bonds, to draw not to exceed five per cent interest, in which the taxes for the last half instalment of 1924 taxes, all taxes for year 1925, and first half of year 1926, may be anticipated through such bond issues.

**House Bill No. 12**—Provides a procedure for the dissolution of drainage districts heretofore, or hereafter, organized.

**Senate Bill No. 42**—Provides for the cooperation of the Board of Directors of State Institutions with the United States Commissioner General of Immigration, in the matter of returning aliens who become public charges in Arizona to their native countries, and for the return to other states of persons who are citizens thereof, who have not resided in Arizona for one year previously to becoming a public charge in Arizona. The law provides for an open appropriation of enough money payable from the general

fund of the state to carry out the purposes of the act.

**House Bill No. 52**—Requires railroad companies to equip their locomotives with automatic bell ringers. Provides a fine of not less than twenty-five dollars nor more than one hundred dollars for each day that any locomotive engine is operated in violation of the provisions of the act.

**House Bill No. 56**—Is an act which amends Subdivision 8, of Paragraph 2733 as amended by Chapter 72 acts of Fifth State Legislature, by re-enacting the provisions of the amendment, except in changing from five hundred to four hundred, the number of pupils in daily attendance in such schools as are authorized to unite for the employment of a city superintendent of schools.

**House Bill No. 23**—Relates to elections, qualifications of electors, and of school trustees, in school elections. Among other qualifications of trustees, the ability to read the constitution of the United States in the English language in such manner as to show that person is neither prompted nor reciting from memory, and to write his name, is injected into the law.

**House Bill No. 9**—Is a law to regulate the handling or sale of bread and other bakery products, providing against exchanges or takebacks. Authorizes the State Board of Health to make rules and regulations to give effect to the act. Makes a violation thereof, a misdemeanor.

**House Bill No. 62**—Relates to amendments of pleadings in civil actions in the superior courts. Such amendments to be made at any stage of the action upon such terms as the court may prescribe, or at any time, not less than five days before trial without leave of the court. Amends Paragraph 422 of Civil Code of 1913.

**Senate Bill No. 39**—Provides a limitation of one year from date of issuance, within which to present state warrants for payment. If not so presented the warrants become void, and the amounts for which drawn revert to the state.

**Senate Bill No. 52**—Authorizes the Secretary of State to dispose of Arizona reports, of the revised statutes of 1887 and 1901, and of session laws prior to 1913. Reserving at least fifteen volumes of each issue.

**House Bill No. 28**—This bill provides for recording notices of federal tax liens and certificates discharging such liens, in the office of the county recorder of the county or counties within which the property subject to such lien is situated. The law was enacted to give effect to the provisions of Section 3186 of Revised Statutes of the United States, 37 Statutes at Large page 1013.

**House Bill No. 53**—Provides an

amendment to present law relating to adjudications as to insanity. Provides for a hearing in open court of cases of persons who are alleged to be dangerously insane, and at large.

**House Bill No. 54**—Relates to extra judges of the superior courts. Provides for an appointment of such judges in each county of the state having a census enumeration greater than thirty thousand inhabitants, by the governor upon petition of the board of supervisors of such counties. That vacancies are not to be filled by re-appointment, except upon like petitions to the governor. Provides for an expiration of the office of extra superior judge in Yavapai county after December 31, 1926.

**Senate Bill No. 38**—This provides for amendments to the laws pertaining to canvass of returns of elections, and declaration of results, including requirements for proclamations by the Governor in respect to amendments and measures submitted to vote. Provides for recount in certain cases where the majorities shown by the canvass do not exceed certain numbers of votes. Provides for determining by lot in public drawing between two candidates in a tie vote.

**House Bill No. 37**—This is a relief bill to pay Dunbar's Weekly the sum of \$250.00 as the balance remaining due and unpaid upon a contract for publishing and printing the annual report of the state treasurer for the year ending June 30th, 1923, the amount prior thereto appropriated having been insufficient.

**House Bill No. 84**—This law provides that whoever contributes or furnishes any statement, allegation or news item to a newspaper, knowing such statement, allegation or news item is untrue, is guilty of a misdemeanor and upon complaint of the newspaper or any person injured in person or in property, by the publication thereof, and subject, upon conviction, to a fine not exceeding \$300. or a jail sentence not exceeding three months, or both fine and imprisonment.

**House Bill No. 116**—This bill provides for changing the name of the Tempe Normal School to "The Tempe State Teachers' College," and the name of the Northern Arizona Normal School at Flagstaff, to "The Northern Arizona State Teachers' College." Provides for a four year's teachers' Training course to be established in each college.

**House Bill No. 15**—This measure amends Paragraph 2736 of 1913 Civil Code. The amendment features consist in qualifying the wives of taxpayers upon community property, who are in other respects qualified, to vote at bond elections as a bona fide property taxpayer, by exhibiting the tax receipt showing payment of taxes upon such community property for the previous year, or, the

assessment notice of the county assessor for the same period.

**House Bill No. 103**—This bill, by way of amendment to Paragraph 597 of Penal Code of 1913, adds "poison parsnip" to the noxious weeds which are not to be permitted to grow or to go to seed along irrigation canals.

**House Bill No. 121**—Authorizes the organization of corporations for "research, investigation, and experimentation in agriculture, horticulture, biology, botany, arboriculture, and other scientific purposes. Exempts the property and funds of such corporation from taxation so long as such property shall be used for the purposes of the corporation only, and not for profit.

**House Bill No. 30**—This bill amends the lien law, by amending Paragraph 3653 of Civil Code, and giving a lien to persons who furnish labor, or material of any kind, to the contractor or subcontractor, or furnish mules, horses, equipment, or machinery in or used in the construction, alteration, repair, of irrigation canals, other irrigation works, or bridges, fences, roads, highways, cellar, excavation, or other structure or improvement, or to be used in clearing, ditching, bordering, or levelling land, in favor of persons to whom money or wages are due.

**House Bill No. 50**—Amends the penal code relating to forgeries or counterfeiting, possessing, passing, uttering or publishing fictitious bills, notes, checks or other instruments.

**House Bill No. 77**—This bill amends Paragraph 2732 of Civil Code, relating to election of school trustees. The amendment relates particularly to the return of records, and canvass of the votes, and issuance of election certificates in such cases.

**Senate Bill No. 103**—This bill was known as the "Live Stock Sanitary Commission Code." It comprises twenty printed pages, and revises the laws relative to the powers and duties of the live stock sanitary board. It provides for payment to the three members of the board, a per diem of ten dollars per day, for not to exceed sixty days in any one year. Also for mileage in traveling on business of the commission. It also creates the office of "County Sanitary Meat Inspector." Fixes salaries of such officers at, \$3000.00 per year in first class counties; \$2400.00 per year in second class counties; \$1800.00 per year in all other counties. Also provides for the appointment in each county of Deputy County Sanitary Meat Inspectors, by the boards of supervisors, at salaries to be fixed by such boards. The other details of the bill are too numerous for presentation in this article.

**Senate Bill No. 76**—This is an amendment to the law relating to the duties of



# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription: MARCH, 1925 50 Cents

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attorneys at law. It covers a recital of their duties to the public and to the courts. Covers the matters of disbarment, and proceedings incident thereto.

**Senate Bill No. 133**—This bill appropriates \$9250.00 from the general fund of the state, for the construction, under the supervision of the State Engineer, of a bridge with the approaches thereto, across the Santa Cruz River in Santa Cruz county, at a site west of the village of Amado in said county.

**House Bill No. 29**—This provides for county scholarships for one student each year, of the value of one thousand dollars. These scholarships to be determined by competitive examinations.

**House Bill No. 229**—This bill provides for the appointment by the Governor of a Code Commissioner, to revise and codify the statutes of the state. Carries an appropriation of \$32,000.00 and provides for a salary of \$10,000.00 for the Commissioner.

**House Bill No. 13**—This bill appropriates the total sum of \$4000.00, payable in monthly instalments of \$75.00 each, to Mrs. Emma May Johnson, and three minor children, due to the death of Isaac Andrew Johnson, the husband and father, while engaged as a laborer under the highway department, and while engaged in maintenance work upon the Apache trail.

**House Bill No. 16**—This act provides a code for the systematic registration of births and deaths. Provides for a Central Bureau of Vital Statistics. Provides

for a State Registrar at a salary of \$2,800.00 per year. Empowers the State Board of Health to employ such other assistants as deemed necessary, and fix the compensation of persons so employed. Provides that each incorporated town and city of the state shall be a special registration district, with power in the State Board of Health to establish such other districts in counties outside of towns or cities as deemed advisable. Provides for a special registrar in each district. Provides for fees for registrations and other duties. The code comprises twenty pages of provisions covering its various details.

**House Bill No. 24**—This bill amends in some details, the amount of fees collected by county recorders for services of that office. The particular amendment relates to fees for providing certified copies of the records thereof.

**House Bill No. 42**—This act provides that all schools and colleges in this state which are supported by public funds, instructions shall be given by teaching the essentials, sources, and history of the constitution of the United States. That no student in said schools and colleges shall receive a certificate of graduation without previously passing a satisfactory examination upon that course. Provides for at least one year course of study of the constitution in the grammar, high school and college grades of the schools. Provides that superintendents, principals, and teachers in schools be required to pass a satisfactory examination upon the provisions and principles of the constitution, before receiving certificates.

**House Bill No. 55**—This bill appropriates \$2500.00 for the relief of Clay Henshaw Powers, the widow, and four minor children of officer Edward F. Powers, a deputy sheriff of Yavapai county, murdered while in the discharge of his official duties.

**House Bill No. 61**—This makes an appropriation of \$4000.00 payable \$50.00 per month, for the relief of Mrs. Charles R. Hannan, whose husband was killed while in the employ of the highway department.

**House Bill No. 155**—This is an emergency measure which appropriates \$45,000.00 for the State Hospital for Insane. The funds were needed to pay for the installation of city water, rebuilding heating system, and supplying steam, heat, and cold water lines in said institution.

**House Bill No. 219**—This bill added \$10,000.00 to the appropriation of \$93,220.00 made by House Bill No. 1, for further salaries and expenses of the legislative session.

**Senate Bill No. 12**—This appropriates the sum of \$500.00 for relief of George Steisel, injured while in the employ of the State Highway department on the

Old Trails highway near Oatman.

**Senate Bill No. 26**—This bill appropriates the sum of \$500.00 for the relief of J. E. Bruce for injuries received while in the employ of the State Highway Department when thrown from a truck, or the highway near Oatman.

**Senate Bill No. 30**—Appropriates \$2,500.00 for relief of Stuart McCormick who was injured while in the employ of the state highway department.

**Senate Bill No. 47**—This bill appropriates \$3000.00 for the relief of five year old James McDonald Wall, who was injured when run over by a state highway truck on the road in Superior. This amount is payable in \$30.00 monthly instalments.

**Senate Bill No. 82**—This bill provides the extra sum of \$8,289.61, to pay for automobile license plates required by the office of Secretary of State, in excess of previous estimates.

**Senate Bill No. 151**—This bill appropriates \$1500.00 for relief of B. Lewis who was injured while in the employ of the state highway department on work in Santa Cruz county.

**Senate Bill No. 17**—Appropriates \$2,500.00 for relief of Mrs. Earvil H. Palmer, and the children of motorcycle officer, E. H. Palmer, who was killed being thrown from his motorcycle while on duty in Maricopa county.

**Senate Bill No. 114**—This bill appropriates the sum of \$17,274.06, with interest from Nov. 25, 1923, to satisfy a judgment recovered by Kisselberg & Schmidt for balance due upon a construction contract connected with Federal Aid project No. 55, on the Yuma-Phoenix highway.

**Senate Bill No. 105**—Appropriates \$916.66 to pay deficiencies in expense appropriations of the Sixth Legislature.

**Sub. Senate Bill No. 99**—This carries an appropriation of \$1165.61, for relief of Will T. Webb, State Fair Commissioner, who was injured in an automobile accident on the highway between Florence and Tucson, on October 5, 1924, while traveling on official business.

**Senate Bill No. 23**—This law pertains to the powers of the "Board of Regents of the University of Arizona" amending several paragraphs of the Civil Code of 1913 upon that subject. Among other powers that board is given power to enact ordinances for the government of the University. After readopting provisions of the old law as to university courses, the board is authorized to establish such other colleges, schools and departments, as said Board of Regents may from time to time deem proper. The board of regents is also authorized to expend such portions of the "University Land Funds" "University Timber Land Funds" and all other funds provided for said university, as deemed advisable, when not inconsistent

ent with the provisions of any general appropriation bill.

**Senate Bill No. 34**—Amends the present laws relative to examination and admission of attorneys to practice in the state courts.

**House Bill No. 35**—Authorizes the State Land Commissioner to use \$10,000.00 for drilling a test well for water for irrigation purposes in or near the lower portion of the basin of the Gila River in Pinal county, to be drilled upon lands which cannot be irrigated by gravity flow from waters from the "Coolidge Dam" reservoir.

**House Bill No. 81**—Amends present law relative to sales of property for non-payment of delinquent instalments due upon improvement bonds for special improvements made in cities and towns.

**House Bill No. 166**—This bill makes provisions for the sale, collection, and compromise, of notes, bonds, mortgages, and other securities that were pledged to the State to secure deposits in the Central Bank of Phoenix, the Exchange Bank of Peoria, the Central Bank of Wickenburg, and the Central Bank of Wilcox, in event the state becomes the owner of any such securities.

**Senate Bill No. 41**—This law is for the purpose of regulating the practice of "optometry" in the State of Arizona, for the registry of practitioners, and a state board of examiners. The expenses to be paid from fees collected.

**Senate Bill No. 29**—Provides for an amendment to the law as to an organization of "no fence" districts, within irrigation districts.

**House Bill No. 86**—Provides for liens of proprietors of livery or public stables upon animals placed with them for feed, care, and attention. Also provides for a lien in favor of proprietors of garages, repair and service stations upon automobiles and motor vehicles placed with them for repairs, additions, storage, care and attention. For the amount of charges in each case.

**House Bill No. 102**—This law purports to be enacted for the purpose of regulating and fixing the compensation of all county and precinct officers, through re-classification of counties according to assessed valuations of property in each. In the law, which amends Chapter 162, Laws of 1919, counties of the first class are those having property assessed therein to the value of over \$40,000,000.00 instead of \$50,000,000.00; counties of the second class are those where property values are between \$15,000,000.00 and \$40,000.00, instead of between \$15,000,000.00 and \$50,000,000.00 as formerly; Third class counties are those where values are between 10,000,000.00 and \$15,000,000.00 instead of between \$12,000,000.00 and

\$15,000,000.00 as under the old law. All counties with an assessed valuation of less than \$10,000,000.00 are designed as fourth class counties, this class was formerly of counties where the valuations were under \$12,000,000.00. This new classification, based upon the assessed valuations for the tax year, 1924, would advance Pinal County into a "first class" county; advance Navajo into a third class county, and leave Apache as the only county of the fourth class, for salary of county officer purposes.

**House Bill No. 117**—This act revises the law as to the character of security to be taken for state loans of state land funds. Only first mortgages on improved farm lands within the state of Arizona that have been in cultivation for at least five years, and to which are attached improved water rights in an irrigation or water distributing association, corporation or organization, actually functioning and delivering water to its subscribers, stockholders or owners of such water rights. This eliminates the possibility of making state loans upon lands to be improved, with those improvements to consist perhaps only of attempts to provide water through pumping or other means, upon lands in fact arid and desert lands, which never have been, and never would become "farm lands" except through the successful application of water thereon due to the improvements to be so attempted as a means of supplying irrigation water thereto. The new law eliminates an element of speculative value, as to securities upon land, heretofore present in connection with state loans actually made. The other features of the law remain unchanged.

**House Bill No. 139**—This law entitles fire departments which are organized in unincorporated towns, or settlements, having a population of two thousand or more, to participate in a fund derived from certain license fees collected from fire insurance companies by the state. Heretofore a distribution of these fees was confined to fire departments in incorporated towns and cities only.

**House Bill No. 148**—This law extends the application of code provisions relating to the transcribing of old records and indexes thereto which have become defaced and mutilated, into new records, to records of the county recorder's office, and all official maps and plats, specifically named rather than generally included under the language of the old law.

**House Bill No. 149**—This law relates to the recording of plats of town sites, established under acts of Congress upon what was formerly public lands. Amends the present law upon that subject.

**House Bill No. 66**—This law amends Paragraph 2697 of Civil Code of 1913,

relative to powers of State Board of Education.

**House Bill No. 147**—This law provides a method for inspecting the status of lands upon which the State Loan Board has heretofore loaned state land funds. Authorizes a renewal of loans, reduction of the principal amounts thereof, and interest rates thereon. Provides a revolving fund of \$10,000.00 with which to protect the interest of the state in such lands. Provides also for tax levies to be made to reimburse the land funds, on account of losses in said loans.

**House Bill No. 67**—This law amends Subd. 1, Par. 2733 of Civil Code of 1913. Among the powers therein provided, is that of including in common and high school budgets, an item for purchasing school sites, or for purchasing or erecting school houses. Requires the county school superintendents to include such items in reports to board of supervisors, and latter may in their discretion make a sufficient levy to cover such costs, not to exceed a rate of 10 cents per hundred of the assessed valuation of the property of a district.

**House Bill No. 78**—Is an amendment which vests school boards with power to exclude from the public schools, children of filthy or vicious habits, or suffering from contagious or infectious diseases.

**House Bill No. 85**—Provides for the annexation of one school district upon a petition therefore acted upon favorably by the board of the other district involved. Such annexation to be accomplished unless protested by the electors of either district.

**House Bill No. 104**—Provides for polling places in each district within the territory embraced in union high school districts, in election for trustee of latter districts.

**House Bill No. 107**—This is an amendment to the law pertaining to the handling and sale of milk, and the powers and duties of the State Dairy Commissioner.

**House Bill No. 87**—Provides a method under which persons physically unable to go to the polls, may send in their ballots for primary and general elections.

**House Bill No. 162**—Relates to the organization of building and loan associations, places same under the supervision of the State Superintendent of banks, and prescribes powers and duties of that officer relating to such organizations.

**House Bill No. 195**—This is the general appropriation bill. The details of this bill, and of other appropriations, will be given in the next issue of this Magazine.

**Senate Bill No. 131**—This act relates to the registration of motor vehicles with an issuance of certificates of title thereto. Regulates the purchase and sale of such vehicles. Requires permits to drivers of cars to be issued by county assess-



sors. Prohibits driving without such permits.

**House Bill No. 32**—Provides for an establishing of "zones" in cities and towns as a means of regulating to height and size of buildings, the percentage of lots that may be occupied, the size of yards, courts and open spaces, and the location and use of buildings, structures, for trade, industry, residence and other purposes.

**House Bill No. 225**—This provides for a special election to be held for the purpose of voting upon amendments to the constitution, as proposed by the legislature.

**House Bill No. 226**—Is a proposed amendment to the constitution permitting the legislature to extend the operation of Workmen's Compensation law to employees of the state, and other political subdivisions, and to enlarge the scope of the present constitution as to injuries for which compensation may be provided by the legislature.

**House Bill No. 227**—This is a Workman's compensation law, covering substantially the provisions as contained in the similar law, heretofore declared unconstitutional. It is advance legislation intended to become effective, in event the voters amend the constitution as proposed in **House Bill No. 225**.

**Senate Bill No. 58**—Provides for the appointment by the governor of Veteran's Service Officer, to represent veterans, in presenting claims against the government.

Five acts of the legislature, **House Bill No. 118**, **Senate Bill No. 22**, **House Bill No. 71**, **House Bill No. 142**, and **Senate Bill No. 54**, were vetoed by the Governor. A veto was also made of **Concurrent Resolution No. 1**, relating to a ratification of the Colorado River Compact with reservations.

There were one hundred and fifty-eight printed bills introduced in the Senate; and two hundred and twenty-two printed bills before the House. Besides those which were printed, there were a number of bills introduced in each branch of the legislature, and acted upon, which were never printed.

The legislature which adjourned its regular session, thus passed eighty-six laws, of which eighty-one will become part of the laws of the state. Out of the total number passed, there were two which provided for the salaries and expenses of the legislative session itself. The total of these appropriations is \$103,220.00. This amount exceeds by more than one hundred per cent the total appropriated for the regular legislative session of 1915, when the appropria-

tion was \$50,000.00. It exceeds by over two fold the amount appropriated for the regular session of 1917. Commencing with 1919, the salaries of employees of the legislature commenced to increase, and the number of employees likewise increased, until it took \$75,000.00 to cover the expense of the legislative session of that year. A similar appropriation was made in two bills, aggregating \$75,000.00 for the regular session of 1921. In 1923, a total sum of \$90,686.00 was appropriated to cover the cost of the legislative proceedings. It must be borne in mind that the item of "salaries of members of the legislature," runs the same through all these years. Also that the item of "mileage of members" runs substantially the same. The item of salaries of members was \$22,680.00 in 1915, the item of mileage, was \$2,300.00. These items deducted left less than one-half of the \$50,000.00 appropriated, to use for incidental expenses, and salaries of employees of the legislature. The last session appropriated the sum of \$27,000.00 for salaries of members, and the sum of \$2,500.00 for mileage. When these items are deducted from the total of \$103,220.00, there remained \$73,700.00 for incidental expenses, and salaries of the employees of the legislature. So as between the regular session of 1915, and the one just closed, the incidental expenses of the latter tripled those of the former.

Notwithstanding an evident desire of the public for legislative action which would be confined to really necessary laws, to be proposed and enacted to meet present financial conditions of the tax-paying public in general, it appears that nearly three fifths of the entire list of proposed laws, fell by the way side in the hands of committees, or were lost sight of until too late for legislative action thereon. Just how many of such bills were really desirable and really important cannot be stated. It is enough to say, that but few of the eighty-one laws which were enacted, are of a character the importance of which stamps them as really needed to round out the code of laws of Arizona.

Twelve of the laws above listed, are appropriations for the relief of employees of the state, and others injured while on duty as officers. The moral responsibility of the state to assume a duty to provide such relief, need not be questioned, if it were to be suggested that some general law could be enacted, under which such claims could be acted upon by the courts, or some other power acting for the state, and relieve the state of an expense involved in legislative action thereon, which more than equals the amounts appropriated.

The taxpayers of the state will find no evidences of attempted economy, in such bills as the "Live Stock Sanitary Code," the "Vital Statistics Law," the new "County Classification and Salary Law," and the new "Dairy Commissioner" law each of which is referred to briefly above. Nor will any evidences of economy appear in connection with the special elections which are authorized, at which voters may act upon several legislatively proposed initiative laws and amendments to the state constitution.

The greater portion of the time of the legislature was devoted to consideration of matters connected with the "Colorado River Compact." Its completed work thereon leaves the question of efficacy thereof still open to question. It undertook to agree to the compact through a joint resolution of both houses of the legislature. The motive which prompted such a course was to get around the known opposition of the Governor to the proposals of that resolution. In short, to bind the state of Arizona by act of the legislature alone, regardless of the existence or non-existence of a veto power in the executive to be applied to such a resolution. It is not the purpose of the Magazine to enter into a prolonged discussion of the merits of the arguments pro and con, the respective constitutional powers of the legislature and of the governor, which are drawn into the question of the effect of a legislative resolution, not submitted to, and never acted upon by the governor, except to lodge a veto in the office of the Secretary of State disapproving that joint resolution. The main question and the main result is the effect of it all upon the taxpaying public. That public has been called upon to pay the expenses of a session of the legislature, which was in point of expense the most expensive legislative session in the history of the state. The public foots the bills whether it gets satisfactory results or any results at all from such sessions. And the end may not be yet. There are those whose efforts are being directed to obtaining another round of the battle, i. e. those who seek for and expect, or expected during the last hours of the past session, that an extra session would be called. It is not believed that the general public desire any such extra session, and it is to be hoped that no seeming necessity therefor will appear as a reason for such a session.

The generally prevailing majority feeling seems to be to sanction and approve the "sine die" adjournment, and to add thereto nothing with respect to the Seventh Legislature, but the words "let it rest in peace."

QUESTIONS AND ANSWERS

**Q. The Seventh State Legislature which just adjourned having failed to enact any legislation pertaining to state highway construction or maintenance, is there any law of the State which provides for any levy of state taxes, or for other revenue for highway purposes?**

**A.** It is the opinion of the Legal Department that Chapter 76 of the Session Laws of 1923 is still in effect and still authorizes a levy of ten cents per hundred upon the assessed valuations of property according to the annual assessment values thereof for tax purposes; is likewise still in effect and authorizes the collection of the "three cent gasoline tax," therein provided for, as well as still authorizes the collection of the passenger tax, and truck tax, also provided for in that law. That in addition thereto, the motor vehicle license taxes, now collected by county assessors, becomes part of the total funds, still available for use by state and county officers, for a continued construction, maintenance, and repair of state highways and bridges.

For the reason that the question as to whether Chapter 76 of the Session Laws of 1923, operated as and still continues to operate, authority for raising more funds, than required to accomplish some specific highway construction, some specifically required refunds to counties, and to the state general fund, and the point which is raised in some official circles, that the operation and effect of that law ceased, when these specific objects were carried out, it seems pertinent that the opinion above advanced be supported by an analysis of that particular law, and referring to other general laws upon the same subject of highway construction and maintenance, and authority to use funds for that purpose.

In the financial code of the special session of the Fifth Legislature, Section 126, page 259 of the session laws of that session it is provided:—

"5123. For the construction, reconstruction, repair, improvement and maintenance of public highways, roads and bridges, under the direction of the Board of Directors of State Institutions and the State Engineer a sum of money shall be paid out under duly itemized and sworn claims, approved by the State Auditor, who shall draw warrants therefor on the state treasurer, who shall pay the same out of the general fund and the appropriation for the Board of Directors of State Institutions for that purpose, authorized in the General Appropriation Bill; (Here follows a re-enacted

provision continuing the 25% and 75% portions of those funds, as between the state and county)."

Chapter 64, Session Laws of 1919, which created the "Board of Directors of State Institutions" and defined therein its powers, included therein a general provision as to "full charge and control" extended to: "Such other state institutions for which no management is otherwise provided by law." That law also provides for a purchasing department, for the keeping accounts of all expenditures from money appropriated to institutions under the control of the Board. These provisions are alluded to, perhaps not being entirely relevant to the question above asked, which relates to provisions for funds, but to show that provisions do exist under which funds actually appropriated may be expended under authority of state laws.

Returning to a further analysis of the Highway Code of 1923, it should be noted that the constitutionality of that act has been passed upon by the supreme Court of the State. (Black & White Taxicab Co. v. Standard Oil Company, 218 Pacific Reporter 139). In passing upon the constitutional questions raised in that case, the court says:—

"We think the title of the act as well as the body of the act has to do generally with the public highways of the state; in other words, the subject expressed in the title and treated in the act as "highways," their construction, maintenance, the raising of revenues, and the manner of their expenditure or distribution or expenditure. Closely allied to that general subject and in consonance therewith is the providing for the payment of any highway construction already completed or in the course of completion and the payment of borrowed money by one political unit to another, or others, and the ratifying and approving of contracts for future construction." \* \* \* It states distinctly the object of the tax, (gasoline tax specially referred to), to be "for the maintenance of county roads and highways."

Speaking of general appropriation bills, as compared to special laws appropriating for special purposes, the Court in the same case says:

"That this provision of the constitution was only intended to apply to biennial legislation appropriations made out of the general revenues of the state. It has no application to a fund created for a special purpose, and dedicated by the act under which such fund is created to

a particular use. The appropriation of the fund so created continues as long as the act which dedicates it to a particular purpose remains in force."

The title of Chapter 76, Laws of 1923, (Highway Code) referred to in this includes the words, "**for the use of the Board of Directors of State Institutions and of said office of State Engineer,**" in addition to other, and among other specific uses of highway funds referred to in that title. The law itself sets aside certain specific amounts in Section 2 mentioned, for refunds to counties. The law in Section (5), appropriates **from the funds and monies** hereafter in this act created or designed, the sum of \$1,550,000.00 which shall be paid when and as available to the credit of the said 25% apportionment account in said general fund, to be expended for, and only for the following purposes." Thereafter in said section five the purposes for which that particular \$1,550,000.00 is to be used appears specifically detailed as to purposes and as to highway projects there designated. On Page 220 of the Act, appears the following language:—

"Provided that, when the above purposes are fully satisfied, any balance remaining in such segregate account, shall be transferred, by the Auditor and Treasurer of the State of Arizona, to the said 25% apportionment account, within said general fund, and may thereafter be available for expenditure from that account, as authorized by law."

A provision which read in connection with the preceding language, in effect that the \$1,550,000.00 should be paid "from" the funds hereafter created and designated, surely means that the legislature did not expect the specific highway construction as referred to in the act, would exhaust the entire funds provided for in the whole act, and on the contrary, did provide for a disposition of the balance thereof for future highway purposes.

On page 223 of the act, there is a specific provision for an annual tax of ten cents per hundred dollars of assessed valuation for the purpose of:

"The construction, reconstruction, repairing, improving, and maintaining state highways and bridges."

The \$1,550,000.00 which had been previously appropriated by the prior provisions thereof, was designated as to in each case to be, "**for the construction and completion of those certain highway projects.** The legislature evidently considered the \$1,550,000.00 sufficient for that



completion of those designated projects, and if it intended to limit the fund created through a ten cent per hundred tax levy, there would be no reason to use, additional words, "reconstruction, repairing, improving and maintaining State Highways and bridges" in connection with that annual tax levy so authorized. Nor if the legislature intended to fix the limit as to the time when such authority to levy a ten cent tax should expire, i. e. when the sum of \$1,550,000.00 had been raised, for what purpose did it legislate to continue a division of funds into the 25% state portion, and the 75% county portion. As to both of which portions the designated uses thereof was for general highway purposes, construction, reconstruction, maintenance, and repair of highways, that is, "state highways" in the instance of use of the 25% state portion, and "public highways" as to the use of the 75% portion. At this particular place in the law of 1923, the legislature plainly intended to make provision for a continuation of state highway construction, beyond that included in the so-called "federal aid projects," prior thereto taken care of in that law. And intended also to make annually recurring state and county "State Road Tax Fund," as a means of paying the cost of such future highway activities. A similar analysis of the provisions of the same law, relative to a three cent per gallon license tax upon gasoline sales, will result in the same conclusion as to the real scope, intent, and full purpose of the whole law. That purpose is again disclosed in Paragraph or Section (11) on page 229 of the printed law. It is there provided:—

"Section 11. Any monies remaining in said 25% apportionment account in the general fund, after the performance of all things required to be done in this act, and after the construction and completion of all road projects enumerated in this act, and all monies accruing to said apportionment account thereafter shall be available for the purpose of such account, as authorized by law."

The words by the writer underscored above certainly express a legislative understanding, that a balance would remain, and more money would accrue to the 25% apportionment fund for highways, after all the specific provisions of the law had been complied with. That there would still accrue amounts realized from annual levy of direct taxes,

from a continued collection of the three cent gas tax, and the other special taxes mentioned.

The history of state tax levy appropriations for highway purposes discloses the facts, that the first amount provided was two hundred and fifty thousand dollars. Later in 1917, that amount was increased to a ten cent per hundred tax, similar to that found in the 1923 law. Between times the tax was reduced to five cents per hundred based upon assessed valuations. The effect of the 1923 law under consideration in this article, was to restore the status of the law to a "ten per cent" levy, and to provide specifically for use of the first proceeds of that levy and the state portions of other revenues provided for in that law. In Chapter 25, Laws of 1917 of the legislature, the State Engineer with the approval of the State Board of Control was authorized to enter into contracts with the Federal government involving the use of federal aid funds. In that act pledged the good faith of the state to make available state funds sufficient to equal federal apportionments to the state, and to "maintain the roads constructed with the aid of funds so appropriated," such maintenance being a condition imposed by Congress upon the states to be benefited by federal aid for highways in those states. If the highway code of 1923, is viewed as being enacted with an intent of the legislature to perform that duty, the condition to permanently maintain highways constructed jointly with state and federal funds, rather than viewing the law as failing entirely to provide for such continued maintenance, another reason appears, to warrant the conclusion that nothing in the language of that code can properly be construed to limit the period of time during which the ten cent annual tax shall be levied, or during which the three cent gas, and other special license taxes, authorized therein, shall continue to be collected. With a duty imposed upon the legislature to maintain highways, all presumptions which would apply to any language of the law, of possible ambiguous or doubtful meaning, should be received in favor of an intent to perform, rather than evade such legislative duty. Applying that presumption, the law under consideration plainly appropriates the sum of \$1,550,000.00, "for construction and completion" of certain federal aid

projects; and just as plainly provides an annual ten cent tax, and other modes, for raising state funds, "for reconstruction, repairing, improving and maintaining state highways," in addition to that specific amount set aside for certain construction and completion of named federal projects, and with that application of the presumption to the law, its effect and force, as authority for continued levy, and continued collection of the gas and other license taxes, remains in force, and will remain in force, until actually repealed by some subsequent legislature. It is true also, that the last legislature did not repeal the law, simply left it as it was. By its silence, it simply left the old law in effect, with no conclusion to be drawn from that legislative silence, other than being satisfied therewith both as to its provisions and the amounts thus provided for highway purposes.

As a practical feature, sufficient to answer any present question as to the highway code of 1923 still remaining in effect, it appears under the facts, that the initial \$1,550,000.00 therein referred to has not been collected thereunder. The twenty-five per cent portion of the "ten cent" tax based upon assessed valuations of \$697,002,006.00 for year 1923, and upon \$649,879,308.00 for year 1924, amounted to only \$336,720.32. The total collections from the gasoline tax, since that law went into effect, were \$597,299.10 for the years 1922, and 1923; and a total of \$730,846.13 for year 1924. One half of these totals went direct to the counties. One half of the balance, went into the "25% apportionment to state portion of highway fund, producing \$332,036.30 for that fund. Thus from the provisions of the act of 1923, only \$668,756.62 has been made available to liquidate the specific item of \$1,550,000.00 appropriated in that highway code. The law certainly contemplates provisions for direct and license taxes, to raise that amount, and its provisions will continue in effect until that amount is raised, regardless of any question as to any continued effect for raising further highway funds thereafter or not.

For all of above reasons, it is the opinion of the legal department of this organization, that Chapter 76, Session Laws of 1923, the highway appropriation code, is still in effect, and still authorizes the collection of the revenues as there provided.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TWELVE

PHOENIX, ARIZONA, APRIL, 1925

NUMBER FOUR

MAY 5 1925

## POSSIBLE FOUNDATIONS FOR FUTURE ECONOMY IN PUBLIC APPROPRIATIONS

*The Seventh State Legislature has completed its work of appropriating for state purposes for the next bi-ennial period. The upward trend of aggregates of appropriations continues for the future as shown by the increased amounts appearing in this Magazine. The burden of taxation will be increased instead of decreased. Taxpayers will continue to look and be unable to find any pronounced evidences of actual economy in the results before the public. It remains for administrative officers of the state departments, institutions, and offices, to inaugurate every possible economy as connected with actual expenses of their various activities, that therein and thereby actual expenditures will be reduced to the lowest possible minimum. If administrative officers will cut the corners in the matters of all expenditures for governmental current expenses, and see to it that the public gets a full dollar of value for every dollar expended for capital investment, their acts in so doing will pave the way for economy in the amounts actually expended during the next two years, and produce figures of actual and of necessary expenditures, as a possible foundation for decreased appropriations by the next legislature. Expending only what is necessary to be expended, regardless of amounts appropriated, will be real economy to the extent of saving public funds, and become an example through which to work further economy in the amounts appropriated, and thus directly reduce the amounts required of taxpayers to provide the funds appropriated.*



***A Comparative Statement As Between All Appropriations Made By the Sixth Legislature, For the Fiscal Years 1923-1924 and 1924-1925, and The Appropriations Made By the Seventh Legislature, For the Fiscal Years 1925-1926 and 1926-1927.***

Offices, Departments, & Institutions.	Appropriations 1923-1924	Appropriations 1924-1925	Total Appropriations 1923-24 & 1924-25	Appropriations 1925-1926	Appropriations 1926-1927	Total Appropriations 1925-26 & 1926-27
<b>AGRICULTURAL &amp; HORTICULTURAL COMMISSION:</b>						
Salaries .....	\$ 35,100.00	\$ 35,100.00	\$	\$ 35,700.00	\$ 35,700.00	\$
Operations .....	8,000.00	8,000.00		17,000.00	17,000.00	
Road Salaries & Operation .....				47,300.00	47,300.00	
Travel .....	6,500.00	6,500.00				
Capital Investment .....	1,500.00	1,500.00				
Repairs & Replacements .....	800.00	800.00				
Contingencies .....	500.00	500.00				
Total .....	52,400.00	52,400.00	104,800.00	100,000.00	100,000.00	200,000.00
<b>ATTORNEY GENERAL:</b>						
Salaries .....	17,800.00	17,800.00		15,600.00	15,600.00	
Operation .....	3,000.00	3,000.00		2,500.00	2,500.00	
Travel .....	1,600.00	1,600.00		1,800.00	1,800.00	
Repairs & Replacements .....	100.00	100.00		100.00	100.00	
Special Legal Services .....				7,500.00	7,500.00	
Contingencies .....	700.00	700.00				
Total .....	23,200.00	23,200.00	46,400.00	27,500.00	27,500.00	55,000.00
<b>BAR EXAMINERS:</b>	600.00	600.00	1,200.00	600.00	600.00	1,200.00
<b>BOARD OF DIRECTORS OF STATE INSTITUTIONS:</b>						
Salaries .....	12,700.00	12,700.00		10,400.00	10,400.00	
Operation .....	2,500.00	2,500.00		2,425.00	2,425.00	
Travel .....	300.00	300.00		250.00	250.00	
Repairs & Replacements .....	800.00	800.00				
Total .....	16,300.00	16,300.00	32,600.00	13,075.00	13,075.00	26,150.00
<b>BOARD OF PARDONS AND PAROLES:</b>	1,000.00	1,000.00	2,000.00	750.00	750.00	1,500.00
<b>CAPITOL BUILDING &amp; GROUNDS:</b>						
Salaries .....	21,030.00	21,030.00		19,410.00	19,410.00	
Operation .....	14,715.00	14,715.00		10,000.00	10,000.00	
Capital Investment .....	1,750.00	1,750.00		1,000.00	1,000.00	
Repairs & Replacements .....	4,500.00	4,500.00		4,500.00	4,500.00	
Total .....	41,995.00	41,995.00	83,990.00	34,910.00	34,910.00	69,820.00
<b>CORPORATION COMMISSION:</b>						
Salaries .....	57,540.00	57,540.00		66,240.00	66,240.00	
Operation .....	11,000.00	11,000.00		15,000.00	15,000.00	
Travel .....	5,000.00	5,000.00		5,000.00	5,000.00	
Capital Investment .....	1,000.00	1,000.00		1,000.00	1,000.00	
Contingencies .....	2,500.00	2,500.00				
Investigation Railroad Accidents .....	2,000.00	2,000.00				
Collect Delinquent Corporation Fees..	25,000.00					
Total .....	104,040.00	79,040.00	138,080.00	87,240.00	87,240.00	174,480.00
<b>DENTAL EXAMINERS:</b>	1,500.00	1,500.00	3,000.00	1,500.00	1,500.00	3,000.00
<b>EXAMINING BOARDS: (7)</b>						
Estimated Fees .....	8,408.02	8,408.02	16,816.04	8,408.02	8,408.02	16,816.04
<b>FREE EMPLOYMENT OFFICE:</b>						
Salaries .....	1,800.00	1,800.00		1,800.00	1,800.00	
Operation .....	700.00	700.00		700.00	700.00	
Total .....	2,500.00	2,500.00	5,000.00	2,500.00	2,500.00	5,000.00
<b>GOVERNOR'S OFFICE:</b>						
Salaries .....	19,600.00	20,900.00		23,500.00	24,000.00	
Operation .....	8,475.00	7,475.00		7,833.00	8,233.00	
Travel .....	2,000.00	2,000.00		2,000.00	2,000.00	
Capital Investment .....				6,150.00	100.00	
Repairs & Replacements .....	150.00	150.00		150.00	150.00	

	Appropriations 1923-1924	Appropriations 1924-1925	Total Appropriations 1923-24 & 1924-25	Appropriations 1925-1926	Appropriations 1926-1927	Total Appropriations 1925-26 & 1926-27
Rewards .....	1,000.00	1,000.00		1,000.00	1,000.00	
Investigations .....	10,000.00					
Total .....	41,225.00	31,525.00	72,750.00	40,633.00	35,483.00	76,116.00
INSPECTOR OF WEIGHTS AND MEASURES:						
Salaries .....	2,400.00	2,400.00		3,000.00	3,000.00	
Operation .....	200.00	200.00		200.00	200.00	
Travel .....	1,800.00	1,800.00		1,800.00	1,800.00	
Total .....	4,400.00	4,400.00	8,800.00	5,000.00	5,000.00	10,000.00
LAND SETTLEMENT COMMISSION:	98,679.02		98,679.02	5,000.00	5,000.00	10,000.00
LEGISLATURE EXPENSE:						
Sixth Regular Session .....	85,186.00					
Investigate Highway Department .....	50,000.00					
Seventh Regular Session .....				103,220.00		
S. B. 105, Deficit 6th Legislature .....				916.66		
Total .....	135,186.00		135,186.00	104,136.66		104,136.66
LIVESTOCK SANITARY BOARD:						
Salaries .....	7,000.00	7,000.00		63,600.00	63,600.00	
Operation .....	2,000.00	2,000.00		2,200.00	2,200.00	
Travel .....	1,000.00	1,000.00		2,000.00	2,000.00	
Advertising Brands .....				1,200.00	1,200.00	
Estimated License & Inspection Fees .....	58,666.34	58,666.34				
Eradication Tuberculosis in Cattle.....	60,000.00	50,000.00		40,000.00	40,000.00	
Eradication Predatory Animals .....	15,000.00	15,000.00		15,000.00	15,000.00	
STATE VETERINARIAN:						
Salaries .....	1,800.00	1,800.00		1,800.00	1,800.00	
Operation .....	500.00	500.00		500.00	500.00	
Travel .....	1,000.00	1,000.00		1,000.00	1,000.00	
Total .....	146,966.34	136,966.34	283,932.68	127,300.00	127,300.00	254,600.00
NATIONAL GUARD:	46,500.00	45,000.00	91,500.00	33,430.86	32,915.00	66,345.86
NORTHERN ARIZONA TEACHERS' COLLEGE:						
Salaries .....	90,000.00	90,000.00		95,000.00	95,000.00	
Operation .....	27,000.00	27,000.00		31,000.00	31,000.00	
Travel .....	1,000.00	1,000.00		500.00	500.00	
Capital Investment .....	6,000.00	6,000.00		51,775.00	8,865.00	
Repairs & Replacements .....	3,000.00	3,000.00		8,400.00	8,400.00	
Contingencies .....	1,000.00	1,000.00				
Total .....	128,000.00	128,000.00	256,000.00	186,675.00	143 765.00	330,440.00
PIONEERS' HISTORICAL SOCIETY:						
Salaries .....	720.00	720.00		720.00	720.00	
Operation .....	720.00	720.00		720.00	720.00	
Total .....	1,440.00	1,440.00	2,880.00	1,440.00	1,440.00	2,880.00
PIONEERS' HOME:						
Salaries .....	17,180.00	17,180.00		16,460.00	16,460.00	
Operation .....	38,000.00	38,000.00		36,000.00	36,000.00	
Travel .....	200.00	200.00		200.00	200.00	
Capital Investment .....	2,300.00	2,300.00		2,300.00	2,300.00	
Repairs & Replacements .....	1,200.00	1,200.00		1,200.00	1,200.00	
Hospital .....				10,000.00		
Total .....	58,880.00	58,880.00	117,760.00	66,160.00	56,160.00	122,320.00
PORTRAITS LEGISLATIVE OFFICERS:						
	600.00		600.00			
PREMIUM ON BONDS OF STATE OFFICIALS:						
	550.00		1,100.00	600.00	600.00	1,200.00
PUBLIC DEBT:						
Interest .....	35,776.26	35,776.26		54,863.76	54,863.76	
Redemption .....	36,903.78	35,241.34		29,198.88	29,198.88	
Total .....	72,680.04	71,017.60	143,697.64	84,062.64	84,062.64	168,125.28



	Appropriations 1923-1924	Appropriations 1924-1925	Total Appropriations 1923-24 & 1924-25	Appropriations 1925-1926	Appropriations 1926-1927	Total Appropriations 1925-26 & 1926-27
<b>RELIEF BILLS:</b>	23,205.13		23,205.13	22,915.61		22,915.61
<b>REVISION AND CODIFICATION OF LAWS:</b>				32,000.00		32,000.00
<b>SECRETARY OF STATE:</b>						
Salaries .....	17,600.00	17,600.00		17,600.00	17,600.00	
Operation .....	16,750.00	16,750.00		3,000.00	3,000.00	
Travel .....	1,000.00	1,000.00		500.00	500.00	
Capital Investment .....	825.00			500.00	500.00	
Repairs & Replacements .....	300.00	300.00		100.00	100.00	
Motor Vehicle Department .....				17,000.00	18,500.00	
Contingencies .....	500.00	500.00				
Printing Session Laws .....	500.00			3,000.00		
Initiative & Referendum Expense .....					6,000.00	
Additional Auto License Plates .....				8,289.61		
Total .....	37,475.00	36,150.00	73,625.00	49,989.61	46,200.00	96,189.61
<b>SHEEP SANITARY COMMISSION:</b>						
Salaries .....	5,600.00	5,600.00		7,200.00	7,200.00	
Operation .....	100.00	100.00		100.00	100.00	
Travel .....	1,800.00	1,800.00		1,800.00	1,800.00	
Total .....	7,500.00	7,500.00	15,000.00	9,100.00	9,100.00	18,200.00
<b>STATE ASYLUM FOR INSANE:</b>						
Salaries .....	64,120.00	64,120.00		64,120.00	64,120.00	
Operation .....	79,750.00	79,750.00		80,000.00	80,000.00	
Travel .....				200.00	200.00	
Capital Investment .....				61,523.90		
Repairs & Replacements .....	9,000.00	9,000.00		10,500.00	7,500.00	
Emergency Appropriation .....				45,000.00		
Total .....	152,870.00	152,870.00	305,740.00	261,343.90	151,820.00	413,163.90
<b>STATE AUDITOR:</b>						
Salaries .....	19,500.00	19,500.00		17,700.00	17,700.00	
Operation .....	1,976.00	1,976.00		1,981.00	1,981.00	
Travel .....	500.00	500.00				
Repairs & Replacements .....	300.00	300.00		300.00	300.00	
Contingencies .....	500.00	500.00				
Total .....	22,776.00	22,776.00	45,552.00	19,981.00	19,981.00	39,962.00
<b>STATE BANKING DEPARTMENT:</b>						
Salaries .....	10,800.00	10,800.00		13,300.00	13,300.00	
Operation .....	2,000.00	2,000.00		2,000.00	2,000.00	
Travel .....	3,000.00	3,000.00		5,000.00	5,000.00	
Capital Investment .....				1,000.00	200.00	
Auditing Banking Affairs .....	10,000.00					
Total .....	25,800.00	15,800.00	41,600.00	21,300.00	20,500.00	41,800.00
<b>STATE BOARD OF EDUCATION:</b>						
<b>COMMON SCHOOLS:</b>						
Estimated State School Tax						
\$25.00 per Capita .....	1,325,425.00	1,366,025.00		1,366,025.00	1,366,025.00	
Estimated Income from						
Other Sources .....	507,752.72	279,701.24		275,000.00	275,000.00	
Total .....	1,833,177.72	1,645,726.24	3,478,903.96	1,641,025.00	1,641,025.00	3,282,050.00
<b>Included in Above Amount.</b>						
<b>SUPERINTENDENT OF PUBLIC INSTRUCTION:</b>						
Salaries .....	16,150.00	16,150.00		16,950.00	16,950.00	
Operation .....	130,900.00	130,900.00		85,000.00	85,000.00	
Travel .....	6,300.00	6,300.00		2,500.00	2,500.00	
Teachers Examinations .....				750.00	750.00	
Americanization .....				2,000.00	2,000.00	
Total .....	153,350.00	153,350.00	306,700.00	107,200.00	107,200.00	214,400.00
<b>STATE BOARD OF HEALTH:</b>						
Salaries .....	9,500.00	9,500.00		12,300.00	12,300.00	
Operation .....	6,450.00	6,450.00		6,450.00	6,450.00	

	Appropriations 1923-1924	Appropriations 1924-1925	Total Appropriations 1923-24 & 1924-25	Appropriations 1925-1926	Appropriations 1926-1927	Total Appropriations 1925-26 & 1926-27
Travel .....	2,800.00	2,800.00		2,800.00	2,800.00	
Capital Investment .....	175.00	175.00		175.00	175.00	
Repairs & Replacements .....	130.00	130.00		130.00	130.00	
Sheppard-Towner Cooperation .....	7,254.00	7,254.00				
Total .....	26,309.00	26,309.00	52,618.00	21,855.00	21,855.00	43,710.00
STATE CHILD WELFARE BOARD:						
Salaries .....	2,400.00	2,400.00		1,800.00	1,800.00	
Operation .....	25,600.00	25,600.00		200.00	200.00	
Travel .....	2,000.00	2,000.00		300.00	300.00	
Support of Children .....				27,700.00	27,700.00	
Total .....	30,000.00	30,000.00	60,000.00	30,000.00	30,000.00	60,000.00
STATE DAIRY COMMISSIONER:						
Salaries .....	5,400.00	5,400.00		5,400.00	5,400.00	
Operation .....	645.00	645.00		645.00	645.00	
Travel .....	3,000.00	3,000.00		3,000.00	3,000.00	
Total .....	9,045.00	9,045.00	18,090.00	9,045.00	9,045.00	18,090.00
STATE ENGINEER, HIGHWAY DEPARTMENT:						
Estimated Income State Road Tax.....	697,002.00	649,879.30		649,879.30	649,879.30	
Estimated Income Gasoline Tax .....	316,603.32	316,603.32		316,603.32	316,603.32	
Estimated Income Auto License Tax..	338,719.75	338,719.75		338,719.75	338,719.75	
H. B. 159 Payroll & Freight Bills.....	151,000.00					
S. B. 133 Amado Bridge .....				9,250.00		
Sub. S. B. 114 Kisselburg Smidt Jgt..				17,274.06		
Total .....	1,503,325.07	1,305,202.37	2,808,527.44	1,331,726.43	1,305,202.37	2,636,928.80
STATE EXAMINER:						
Salaries .....	12,400.00	12,400.00		10,300.00	10,300.00	
Operation .....	500.00	500.00		500.00	500.00	
Travel .....	10,000.00	10,000.00		7,500.00	7,500.00	
Total .....	22,900.00	22,900.00	45,800.00	18,300.00	18,300.00	36,600.00
STATE FAIR COMMISSION:						
Salaries .....	10,021.00	10,021.00		4,350.00	4,350.00	
Operation .....	50,000.00	50,000.00		46,000.00	46,000.00	
Repairs & Replacements .....	2,000.00	2,000.00		5,000.00	5,000.00	
County Fair Assistance .....	14,000.00	14,000.00		14,000.00	14,000.00	
Northern Arizona State Fair .....				4,000.00	4,000.00	
Total .....	76,021.00	76,021.00	152,042.00	73,350.00	73,350.00	146,700.00
STATE GAME WARDEN:						
Salaries .....	4,200.00	4,200.00		2,400.00	2,400.00	
Travel .....	1,000.00	1,000.00		500.00	500.00	
Game Protection Fund .....	21,000.00	21,000.00		27,083.57	27,083.57	
Total .....	26,200.00	26,200.00	52,400.00	29,983.57	29,983.57	59,967.14
STATE HISTORIAN:						
Salaries .....	4,200.00	4,200.00		4,200.00	4,200.00	
Operation .....	500.00	500.00		500.00	500.00	
Travel .....	800.00	800.00		500.00	500.00	
Publications .....	1,000.00	1,000.00		1,000.00	1,000.00	
Total .....	6,500.00	6,500.00	13,000.00	6,200.00	6,200.00	12,400.00
STATE INDUSTRIAL SCHOOL:						
Salaries .....	23,260.00	23,260.00		25,100.00	25,100.00	
Operation .....	28,834.00	28,834.00		30,000.00	30,000.00	
Travel .....	1,150.00	1,150.00		1,160.00	1,160.00	
Capital Investment .....	3,600.00			4,750.00	850.00	
Repairs & Replacements .....	5,200.00	5,200.00		3,000.00	3,000.00	
Total .....	62,044.00	58,444.00	120,488.00	64,010.00	60,110.00	124,120.00
STATE LABORATORY:						
Salaries .....	4,500.00	4,500.00		4,500.00	4,500.00	
Operation .....	350.00	350.00		600.00	600.00	
Travel .....	334.00	334.00		250.00	250.00	



	Appropriations 1923-1924	Appropriations 1924-1925	Total Appropriations 1923-24 & 1924-25	Appropriations 1925-1926	Appropriations 1926-1927	Total Appropriations 1925-26 & 1926-27
Capital Investment .....	300.00	300.00		200.00	200.00	
Contingencies .....	216.00	216.00				
Total .....	5,700.00	5,700.00	11,400.00	5,550.00	5,550.00	11,100.00
<b>STATE LAND COMMISSION:</b>						
Salaries .....	48,670.00	48,670.00		50,270.00	50,270.00	
Operation .....	9,258.00	9,258.00		10,700.00	10,700.00	
Travel .....	3,000.00	3,000.00		2,000.00	2,000.00	
Capital Investment .....	800.00	800.00		850.00	850.00	
Repairs & Replacements .....	700.00	700.00		700.00	700.00	
Contingencies .....	1,500.00	1,500.00				
Test Well Pinal County .....				10,000.00		
Total .....	63,928.00	63,928.00	127,856.00	74,520.00	64,520.00	139,040.00
<b>STATE LIBRARY:</b>						
Salaries .....	4,800.00	4,800.00		6,300.00	6,300.00	
Operation .....	400.00	400.00		440.00	440.00	
Travel .....	500.00	500.00		500.00	500.00	
Repairs & Replacements .....	100.00	100.00		250.00	250.00	
Contingencies .....	4,000.00	4,000.00		5,500.00	5,500.00	
H. B. 11-Emergency Appropriation.....				1,000.00		
Total .....	9,800.00	9,800.00	19,600.00	13,990.00	12,990.00	26,980.00
<b>STATE LOAN BOARD:</b>						
				10,000.00		10,000.00
<b>STATE LOAN COMMISSION:</b>						
	500.00		500.00	1,000.00	1,000.00	2,000.00
<b>STATE MINE INSPECTOR:</b>						
Salaries .....	12,075.00	12,075.00		12,075.00	12,075.00	
Operation .....	1,420.00	1,420.00		1,300.00	1,300.00	
Travel .....	6,000.00	6,000.00		5,000.00	5,000.00	
Automobile .....	700.00					
Capital Investment .....				750.00		
Total .....	20,195.00	19,495.00	39,690.00	19,125.00	18,375.00	37,500.00
<b>STATE PRISON:</b>						
Salaries .....	57,860.00	57,860.00		57,360.00	57,360.00	
Operation .....	95,000.00	95,000.00		75,550.00	75,550.00	
Travel .....	2,500.00	2,500.00		1,500.00	1,500.00	
Capital Investment .....	4,650.00	4,650.00		5,800.00	5,200.00	
Repairs & Replacements .....	7,000.00	7,000.00		7,100.00	5,000.00	
Flour Mill .....	3,500.00					
Purchase Farm Land .....				28,000.00		
Pumping Plant .....				10,000.00		
Total .....	170,510.00	167,010.00	337,520.00	185,310.00	144,610.00	329,920.00
<b>STATE TAX COMMISSION:</b>						
Salaries .....	18,500.00	18,500.00		16,700.00	16,700.00	
Operation .....	2,800.00	2,800.00		2,000.00	2,000.00	
Travel .....	3,700.00	3,700.00		3,700.00	3,700.00	
Board of Equalization .....	1,500.00	1,500.00		1,000.00	1,000.00	
Special Legal Counsel .....	2,500.00	2,500.00				
Defense of Tax Suits .....	5,000.00	5,000.00				
Total .....	34,000.00	34,000.00	68,000.00	23,400.00	23,400.00	46,800.00
<b>STATE TREASURER:</b>						
Salaries .....	14,100.00	14,100.00		12,400.00	12,400.00	
Operation .....	3,825.00	3,825.00		3,000.00	3,000.00	
Travel .....	1,750.00	1,750.00		3,500.00	3,500.00	
Capital Investment .....	300.00	300.00		150.00	150.00	
Repairs & Replacements .....	25.00	25.00				
Total .....	20,000.00	20,000.00	40,000.00	19,050.00	19,050.00	38,100.00
<b>STATE WATER COMMISSIONER:</b>						
Salaries .....				10,900.00	10,900.00	
Operation .....	2,200.00	2,200.00		2,200.00	2,200.00	
Travel .....	2,800.00	2,800.00		1,800.00	1,800.00	
Contingencies .....	500.00	500.00				
Automobile .....				1,100.00		

	Appropriations 1923-1924	Appropriations 1924-1925	Total Appropriations 1923-24 & 1924-25	Appropriations 1925-1926	Appropriations 1926-1927	Total Appropriations 1925-26 & 1926-27
Colorado River Investigation .....	5,000.00			25,000.00	25,000.00	
Colorado River Guaging .....				7,000.00	7,000.00	
Stream Guaging .....	18,800.00	17,000.00		10,000.00	10,000.00	
Total .....	29,300.00	22,500.00	51,800.00	58,000.00	56,900.00	114,900.00
<b>SUPERIOR COURT:</b>						
Salaries .....	36,800.00	36,800.00		36,300.00	36,300.00	
Court Commissioners .....	250.00	250.00		100.00	100.00	
Total .....	37,050.00	37,050.00	74,100.00	36,400.00	36,400.00	72,800.00
<b>SUPREME COURT:</b>						
Salaries .....	25,200.00	25,200.00		25,200.00	25,200.00	
Operation .....	2,900.00	2,900.00		1,400.00	1,400.00	
Printing .....				1,000.00	1,000.00	
Total .....	28,100.00	28,100.00	56,200.00	27,600.00	27,600.00	55,200.00
<b>TEMPE TEACHERS' COLLEGE:</b>						
Salaries .....	100,000.00	100,000.00		115,000.00	115,000.00	
Operation .....	23,000.00	23,000.00		23,335.00	23,335.00	
Travel .....	1,000.00	1,000.00		500.00	500.00	
Capital Investment .....	8,000.00	8,000.00		70,050.00	5,050.00	
Repairs & Replacements .....	7,500.00	7,500.00		7,500.00	7,500.00	
Contingencies .....	1,000.00	1,000.00				
Total .....	140,500.00	140,500.00	281,000.00	216,385.00	151,385.00	367,770.00
<b>UMACACORI MISSION:</b>	1,000.00		1,000.00			
<b>UNIVERSITY OF ARIZONA:</b>						
Estimated State Mill Tax .....	592,450.00	552,397.41		649,879.30	649,879.30	
Estimated Other Income .....	289,330.03	227,000.00		289,186.23	289,186.23	
Emergency Appropriation .....				275,000.00		
Special Appropriation .....				165,000.00		
County Scholarships .....	7,000.00	7,000.00		3,500.00	3,500.00	
H. B. 29 County Scholarships .....				14,000.00	14,000.00	
Eradication Injurious Rodents .....	15,000.00	15,000.00		15,000.00	15,000.00	
<b>SCHOOL FOR DEAF, DUMB &amp; BLIND:</b>						
Salaries .....				21,100.00	21,100.00	
Operation .....	31,000.00	32,600.00		12,902.00	12,902.00	
Travel .....				200.00	200.00	
Maintenance .....	400.00	800.00				
Capital Investment .....	7,633.00	8,600.00		1,000.00	1,000.00	
Repairs & Replacements .....				2,000.00	2,000.00	
Estimated Other Incomes .....				6,000.00	6,000.00	
Total .....	942,813.03	843,397.41	1,786,210.44	1,454,767.53	1,014,767.53	2,469,535.06
<b>VOCATIONAL EDUCATION:</b>						
Salaries .....	23,200.00	23,200.00				
Operation .....	2,400.00	2,400.00				
Travel .....	4,500.00	4,500.00				
Capital Investment .....	1,000.00	1,000.00				
Reimbursement Teacher's Salaries .....	45,000.00	45,000.00				
Americanization Salaries .....	20,000.00	20,000.00				
Vocational Rehabilitation .....	10,000.00	10,000.00				
Chap. 44, S.L. 1917-Match Federal Aid .....				35,000.00	35,000.00	
Total .....	106,100.00	106,100.00	212,200.00	35,000.00	35,000.00	70,000.00
<b>VETERANS SERVICE OFFICER:</b>				10,000.00		10,000.00
<b>GRAND TOTAL:</b>	6,461,693.37	5,643,745.98	\$12,105,439.35	6,763,143.83	5,822,428.13	\$12,585,571.96

TOTAL INCREASES—1925-1926 and 1926-1927 over 1923-1924 and 1924-1925. \$ 1,261,739.91

TOTAL DECREASES—1925-1926 and 1926-1927 over 1923-1924 and 1924-1925 781,607.30

NET INCREASE—1925-1926 and 1926-1927 over 1923-1924 and 1924-1925 \$ 480,132.61



# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription APRIL, 1925 50 Cents

OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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## An Analysis of the Appropriations of the 7th Legislature

There appears in this Magazine an extended table which shows the amounts which were appropriated by the Sixth Legislature of 1923, for expenditures during the period commencing July 1, 1923, and ending June 30, 1925; with the appropriations authorized and made by the Seventh Legislature for the next two year period, commencing with July 1, 1925, and ending June 30th, 1927. Included in the items which were appropriated for each of above referred to biennial periods, are the special and emergency appropriations made by each legislature. A close inspection of that table will disclose where, and for what purposes, increases have been made, and where decreased amounts have been appropriated. For statistical purposes, the table is complete. But for busy readers, a review of the matters may bring the real situation to their minds, and hence an analysis and comparison is here made.

The appropriation for:

**Agricultural & Horticultural Commission.** Shows an increase of \$95,200.00 for the coming two years. The purpose of this increase is preventative, with funds thus provided to prevent the introduction into fields and orchards of this state, of certain pests and diseases which infect in other states.

**The Attorney General's Department.** Shows an increase of \$8,600.00, for two year period. This increase is for special counsel in matters of the corporation commission, the inheritance tax collection, and the tax commission. From the latter a former annual appropriation of \$2500.00 for special counsel, and \$5,000.00 for defending tax suits, has been eliminated. The shift of appropriation seems to have resulted in a net decrease of \$6,400.00 for the coming two year period.

**Board of Directors of State Institutions.** A reduction of \$2300.00 per year in salary list, of \$75.00 per year in operation, and \$50.00 per year in item of travel, with no item for replacements, resulted in a decrease of \$6,450.00 for the two year period.

**Capital Building and Grounds.** By reducing the salary list, and appropriation for operation,

a reduction of \$14,170.00 was made in this item.

**Corporation Commission.** The item of salaries for employees of the commission was increased from \$57,540.00 per year former amount, to \$66,240.00. Item of operation increased from \$11,000.00 to \$15,000.00. Items of "contingencies" \$2500.00, "investigating railroad accidents" \$2000.00, and "Collection Delinquent corporation fees" \$25,000.00, were eliminated. The result was a net decrease in total appropriation for two years of \$8,600.00.

**Governor's Office.** The appropriation for salaries was increased a total of \$7,000.00 for two years. The item of "Capital investment," was increased \$6,000.00 for first coming year. An item of investigations, \$10,000.00, was eliminated. Other minor differences produced a net increase in appropriations for this office of \$3,366.00 for coming period of two years.

**Land Settlement Commission.** The table shows a decrease under this head of \$88,679.02. The legislature in 1921, appropriated an amount of \$100,000.00 for the purchase by the state of lands for "soldier's settlement." It was understood by the 1923 legislature that this amount reverted to the general fund, and a new appropriation of \$100,000.00 was made. The entire amount of \$198,679.02 was finally expended, and is really an investment which in time will be repaid by the veterans to whom the lands purchased with those funds were allotted. The last legislature made no appropriation for land purchase purposes. It did appropriate a total of \$10,000.00 for purposes connected with the land settlement act.

**Legislative Expense.** The 1923 Legislature appropriated the sum of \$50,000.00 for use under its directing committee in an investigation of the Highway Department. The regular expenses of that session totaled \$85,186.00. The regular expenses of the last legislature amounted to \$103,220.00. So while the table shows a decrease, the above statement shows the real situation as to needed expenses of both sessions, the last being over \$15,000.00 in excess of the former.

**Live Stock Sanitary Board.** Former legislatures permitted this board to use the inspection and other fees, to operate its activities. The last legislature appropriated \$54,000.00 for inspectors which operated to raise the item of "salaries" shown by the table. A cut in the amount appropriated for the eradication of tuberculosis in cattle from amounts of \$60,000.00 and \$50,000.00 respectively in past two years to \$40,000.00 for each of two years commencing July 1, 1925, with the difference between an estimated amount of \$58,666.34 to \$54,000.00 in inspectors salaries, makes a showing of reduction to an amount of \$29,332.68 in favor of the ensuing two years.

**National Guard.** Through fixing the salary of the Adjutant General at \$2,400.00 per year, and direct reductions in item for expenses of the guard, a reduction of \$25,154.14 appears in the table.

**Northern Arizona Teachers' College.** There appears an increase of \$74,440.00 in the appropriations for the next two years, over that of the past two years. New building and equipment accounts for \$51,775.00 of this amount, the balance is accounted for by increases of \$5,000.00 per year for operation, and \$4,000.00 per year for more salaries.

**Pioneer's Home.** Some changes in lessened expenses of operation, and in employees there, with an appropriation of \$10,000.00 for a hospital, makes a net increased appropriation of \$4560.00 in appropriations for the home.

**Public Debt, (Int. and Redemption).** This amount in the table under this head includes the amount of interest upon state bonds, the annual amount for redemption fund for same, and also an amount of \$20,000.00 for interest upon "tax anticipation bonds." The increase in the amount is accounted for in that heretofore the items of interest were sometimes not expressly appropriated, but were put in the tax levy for reason of special provisions of the law as to levies for interest upon public bonds.

**Revision and Codification of Laws.** An appropriation of \$32,000.00 for the purpose of smoothing out ambiguities, uncertainties, and conflicts in the laws of Arizona, proposing a code of revised laws to be dealt with by the next regular session of the eighth legislature, is an increased and seemingly necessary appropriation.

**Secretary of State.** The table shows an increase of \$22,564.61, in the appropriation for this office. This increase includes a proposed \$2,000.00 per year increase in the salary of the Secretary, \$6000.00 for special state election publicity, and the anticipated expenses of licensing drivers, and title registration of automobiles.

**State Asylum for Insane.** The installation of a water system, for hot and cold water in the buildings, and an appropriation for a new building needed, explains an increase of \$107,423.90 in the appropriation for the asylum.

**State Board of Education.** The appropriation of 1923 was similar to the appropriation bill of 1925, in appropriating \$25.00 per capita on all pupils in average daily attendance in the common and high schools of the state. Each bill also appropriated all other revenues derived from sources other than taxation, to that fund. The difference between the appropriations for the two biennial periods, lies in the differences between amounts of the other sources of revenues as estimated in each year.

**State Engineer—Highway Department.** The 1923 legislature made several special appropriations for special bridges and special highway construction, aside from the highway law appropriation enacted that year. The latter law still operates, and will produce as much for general highway purposes in the next two years as in the past two. The lessened amount shown by the table, comes from the fact that special highway appropriations were less in 1925 than in 1923.

**State Examiner.** A cut in allowances for travel, and for salaries of assistants in this office, results in a reduction of \$9,200.00 in the appropriation therefor.

**State Fair Commission.** A decrease from \$10,021.00 to \$4,350.00 per year in salaries, with some changes in other items, reduced the net appropriations for the fairs of the state, by \$5,342.00.

**State Land Commission.** An increase in item for salaries, and a special appropriation of \$10,000.00 for a test well in Pinal county, enter into the increase of \$11,184.00 in appropriations for this department.

**State Tax Commission.** The legislature reduced every item of the list of appropriations for the activities of this commission, and eliminated former annual appropriations of \$2,500.00 for special counsel and \$5,000.00 for defending tax suits to bring about a net reduction of \$21,200.00 in the total appropriated for the coming two years.

**State Water Commissioner.** The last legislature revived the salary list for this office, which had been cut off by veto in 1923. By doing this, \$10,900.00 was added, which with an increase of \$20,000.00 per year for "Colorado River Investigation," mainly account for a net increase of \$63,100.00 in the amount appropriated for this office for the next two years.

**Tempe Teachers' College.** The reorganized Tempe Normal School required an annual increase of \$15,000.00 for salaries, and additional buildings to cost \$70,050.00. With other small changes, the appropriation for this institution was increased by an amount of \$86,770.00 for the two years coming.

**University of Arizona.** The total amounts appropriated for the university and its various branch activities was increased from \$1,786,210.44 the amount appropriated in 1923, to a total of 2,469,533.06 appropriated in 1925. This increases the funds available for the university during the next two years by the sum of \$683,324.62.

**Vocational Education.** Under prior legislation a continuing appropriation exists authorizing the sum of \$35,000.00 for the purpose of matching federal aid for vocational education purposes. This reduced appropriation formerly made by the sum of \$142,200.00.

The tables show aggregate appropriations for the two fiscal years ending June 30, 1925, of \$12,105,439.35, and an aggregate of \$12,585,571.96 as appropriated for two fiscal years commencing July 1, 1925. An increase of \$480,132.61 for the last period, over the first.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME TWELVE

PHOENIX, ARIZONA, MAY, 1925.

NUMBER FIVE

## "BUDGET PLANNING" FOR COUNTIES

The appropriations for state purposes are a known quantity. Each county knows to a fair measure of certainty how much will be available to that county for school purposes, for highway purposes, and for other special purposes, through allotments from state raised funds. Boards of trustees in school districts are also apprised of how much will fall to each school district from a distribution of county school funds. If the account books showing actual expenditures for county purposes are brought up to date, both as to every county office, county institution and county activity, and in each and every school district, the officers upon whose action depends the amounts to be suggested as parts of the annual estimates for the fiscal year commencing July first, 1925, have means of informing themselves as to the actual expenditures of the past year for each public purpose under their supervision. If there are opportunities which might appear, through a thorough investigation of past expenditures, carefully scrutinized with an eye to actual necessity for such expenditures, then every officer whose duties are connected with proposals as to amounts to be raised for the necessary expenses of a new fiscal year, owes it to himself and the particular portion of the public represented by that officer, to make that investigation. **THE TIME TO MAKE IT IS NOW.** The time to prepare for, and insure all possible economy in amounts of public money made available for expenditure through adopted county budgets of estimates for each and all proposed expenditures, is a time which precedes the proposal of any item, subject, object or purpose, to be included in such proposed estimates as may finally be published for public inspection. **INVESTIGATE, ASCERTAIN REAL NEEDS AND REAL NECESSITIES, AND PLAN COUNTY ESTIMATES ACCORDINGLY, AND THE FIRST STEP TOWARDS FINAL ECONOMY AND REDUCED TAXATION, WILL BE TAKEN BY PUBLIC OFFICIALS.** Hastily prepared estimates for counties, cities, and towns, are many times on par, with eleventh hour prepared general appropriation bills for state purposes. They may fill the requirements, and may not. Certainly it must be true, that carefully considered proposals as to each contemplated expenditure, will come nearer to the mark of what is needed, and in reaching that mark will include eliminations of surplusages, non-necessities, and will thus be simply planning for real economy.



## A Summary of Legislative Appropriations for Five Years

In the table which is connected with this article, there is given under general headings which refer to the different state departments, institutions, offices, and activities of all kinds, which have been made the objects and purposes of legislative appropriations, the amounts so appropriated for a period of three years last past, and for the coming two years.

It is impracticable in fact to present in table form, similar figures confined strictly to legislative appropriations, for periods preceding 1922, for reason of the fact that in the special session of the legislature for that year the financial code was enacted. The purposes of that code included a purpose of eliminating by amendment and repeal all the provisions of prior statutes, under which authority was given to officers in charge of state activities, and such officers were permitted to expend "so much as necessary to carry out the provisions of" law creating or providing for, this that and the other activity. That code contained provisions under which amendments were made, and repeals enacted, effecting one hundred and thirty-two, provisions in former laws. Included therein were amendments intended to abolish all of the so-called continuing appropriations, all of the indefinite, so-much-as-necessary appropriation laws; with an intent to bring about a policy under which each legislature in making appropriations for each bi-ennial period would specify just how much was authorized for expenditure for each state object and purpose. Included in that purpose, was legislation under which the "other sources of revenue" derived from sources other than direct property taxes, was dealt with in such manner, that with few exceptions, the amounts of such other revenues was to be estimated in each appropriation bill, and that amount deducted from the total of each appropriation, leaving the balance only, to be raised by taxation. It is not intended to go into details as to the effect of the financial code upon the financial situation of the state, that law is alluded to for the purpose of showing, that in the period prior to its coming into effect at all, the actual amounts which the legislature, directly and indirectly, specifically and through continuing laws running from year to year, authorized for expenditure, could not be definitely ascertained, and in fact did not become definite amounts until the "returns were all in," through a com-

pilation of the actual expenditures made in any fiscal year, for state purposes.

In addition to above legislative purposes there was included a purpose of so providing in the financial code, that the objects and purposes for which appropriations were made, were to be classified and standardized into specific items, and under specific heads controlling expenditures of appropriations. Thus the legislature enumerated six general heads:—"salaries and wages," "operation," "travel," "capital investment," "repairs and replacements," and "contingencies," as being the heads under which expenditures from appropriations were to be distributed. In fact the general appropriation bill of 1922, and in subsequent years, has to a large extent distributed the appropriations by allotting certain amounts as to be for expenditures under each of the above headings. The legislature which enacted the financial code, intended that such code would read in connection with the provisions of the earlier "budget law," and have a resulting effect of stopping the practice of intermingling funds which had been in practice in some state institutions, departments, and offices. A practice under which if the amounts actually appropriated, say for "improvements or betterments" was exhausted, and an amount remained in the appropriation for "expenses," expenditures for the one purpose would cease, only when both funds were exhausted and expended. Under the old practice, it was impossible to clearly and surely separate to actual expenses incident to the current operation of state affairs, from what might be in fact capital investments, repairs or improvements. The legislature which enacted the budget law, and the legislature which enacted the financial code, and subsequent legislatures which have followed the purposes of such enactments in subsequent appropriation bills, have intended to let the public know how much was appropriated for actual state expenses, such expenses as in the business world are called "overhead expenses," and how much remained in permanent improvements, new construction, repairs and replacements to state institutional properties and investments. Running through all the provisions of the laws above referred to, was an evidently intended purpose of providing a basis from which future legislatures could determine what would be actually necessary for actual expenses, increase or decrease appropriations therefor accord-

ing to actual needs, and so take a step towards possible economy in the expense account for state purposes, and controlling appropriations for capital investment according to the financial ability of the public, to make such investments from time to time.

With appropriations actually made under the intended policy and after the manner as provided for in the financial code, the real burdens of the public body of taxpayers, becomes a known quantity after a legislative session with its appropriation bills has completed its work. The question of what may thereafter be actually expended from amounts so appropriated, does not affect the aggregate amount which the public must contribute in direct taxes, or through "other sources of revenues," to make up the aggregate of such appropriations.

So it is that the annexed table, gives the appropriations as made by the legislatures for the years as stated over the head of each column of figures. The totals at the foot of each column show as to the respective years, the amounts which the the legislatures authorized for expenditure for each year. These figures, show aggregate items without classifications. It cannot be ascertained therefrom how much of the appropriations for any activity of the many state activities listed in the table, was for salaries, for expenses, for travel, for contingencies, for repairs and replacements, or for capital investment. Nor does the table show how much of any item of appropriation was to be, or is to be, raised by direct property tax, or how much did accrue, or will accrue from other sources of revenues. The table simply shows with all possible accuracy, the aggregate burden authorized by, and imposed upon the people of the state, by the legislatures acting and appropriating for the five years appearing in the tables.

It is also true, that the totals under any year, had no controlling relation to the tax rate per hundred of valuations as the state tax rate for that year. The elements of total assessed valuations, and the amounts of "other sources of revenues" as estimated for each year, are elements which must be considered in connection with tax rates. Also the question of "unexpended balances," remaining from the authorized expenditures of any year, may have had an effect upon the particular tax rate per hundred of assessed valuations, for the succeeding year. The tables answer the questions

of how much will the public have to provide for the next two years, how does that amount compare with the amounts raised for state purposes in the previous years. Does not answer any question as to tax rates, nor as to actual expenditures in any past years, and of course cannot answer latter question as to the two fiscal years approaching.

### SUMMARY OF STATE APPROPRIATIONS FOR ALL OFFICES, DEPARTMENTS, AND INSTITUTIONS.

	Appropriations 1922-1923	Appropriations 1923-1924	Appropriations 1924-1925	Appropriations 1925-1926	Appropriations 1926-1927
Agricultural and Horticultural Commission	\$ 46,170.00	\$ 52,400.00	\$ 52,400.00	\$ 100,000.00	\$ 100,000.00
Attorney General	23,200.00	23,200.00	23,300.00	27,500.00	27,500.00
Bar Examiners	600.00	600.00	600.00	600.00	600.00
Board of Directors of State Institutions	20,060.00	16,300.00	16,300.00	13,075.00	13,075.00
Board of Pardons and Paroles	1,000.00	1,000.00	1,000.00	750.00	750.00
Capitol Building and Grounds	39,920.00	41,995.00	41,995.00	34,910.00	34,910.00
Corporation Commission	63,480.00	104,040.00	79,040.00	87,240.00	87,240.00
Dental Examiners	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Examining Boards (Various) Fees	6,682.81	8,408.02	8,408.02	8,408.02	8,408.02
Free Employment Office	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Governor's Office	30,760.00	41,225.00	31,525.00	40,633.00	35,483.00
Inspector of Weights and Measures	4,400.00	4,400.00	4,400.00	5,000.00	5,000.00
Land Settlement Commission	100,000.00	98,679.02		5,000.00	5,000.00
Legislature Expense	66,615.00	135,189.00		104,136.66	
Live Stock Sanitary Board	99,573.46	146,966.34	136,966.34	127,300.00	127,300.00
National Guard	65,000.00	46,500.00	45,000.00	33,430.86	32,915.00
Northern Arizona State Teachers' College	145,000.00	128,000.00	128,000.00	186,675.00	143,765.00
Pioneers' Historical Society	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00
Pioneers' Home	51,510.00	58,880.00	58,880.00	66,160.00	56,160.00
Portraits Legislative Officers	300.00	600.00			
Premiums on Bonds, State Officials	550.00	550.00	550.00	600.00	600.00
Public Debt, (Interest and Redemption)	72,540.00	72,680.04	71,017.60	84,062.64	84,062.64
Relief Bills	13,375.84	23,205.13		22,915.61	
Revision and Codification of Laws				32,000.00	
Sacaton-Florence Power Line	50,000.00				
Secretary of State	45,095.00	37,475.00	36,150.00	49,989.61	46,200.00
Sheep Sanitary Commission	7,500.00	7,500.00	7,500.00	9,100.00	9,100.00
State Asylum for Insane	158,935.00	152,870.00	152,870.00	261,343.90	151,820.00
State Auditor	24,250.00	22,776.00	22,776.00	19,981.00	19,981.00



	Appropriations 1922-1923	Appropriations 1923-1924	Appropriations 1924-1925	Appropriations 1925-1926	Appropriations 1926-1927
State Banking Department	24,200.00	25,800.00	15,800.00	21,300.00	20,500.00
State Board of Education Common Schools	1,776,377.10	1,833,177.72	1,645,726.24	1,641,025.00	1,641,025.00
State Board of Health	23,650.00	26,309.00	26,309.00	21,855.00	21,855.00
State Child Welfare Board	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
State Dairy Commissioner	9,045.00	9,045.00	9,045.00	9,045.00	9,045.00
State Engineer, Highway De- partment (Federal Aid Money not Included)	781,084.60	1,503,325.07	1,305,202.37	1,331,726.43	1,305,202.37
State Examiner	9,300.00	22,900.00	22,900.00	18,300.00	18,300.00
State Fairs	85,000.00	76,021.00	76,021.00	73,350.00	73,350.00
State Game Warden	24,630.00	26,200.00	26,200.00	29,983.57	29,983.57
State Historian	5,400.00	6,500.00	6,500.00	6,200.00	6,300.00
State Industrial School	58,175.00	62,044.00	58,444.00	64,010.00	60,110.00
State Laboratory	5,600.00	5,700.00	5,700.00	5,550.00	5,550.00
State Land Commission	67,413.00	63,928.00	63,928.00	74,520.00	64,520.00
State Library	9,975.00	9,800.00	9,800.00	13,990.00	12,990.00
State Loan Board				10,000.00	
State Loan Commission		500.00		1,000.00	1,000.00
State Mine Inspector	17,150.00	20,195.00	19,495.00	19,125.00	18,375.00
State Prison	162,905.00	170,510.00	167,010.00	185,310.00	144,610.00
State Tax Commission	29,000.00	34,000.00	34,000.00	23,400.00	23,400.00
State Treasurer	29,075.00	20,000.00	20,000.00	19,050.00	19,050.00
State Water Commissioner	44,800.00	29,300.00	22,500.00	58,000.00	56,900.00
Superior Court	37,300.00	37,050.00	37,050.00	36,400.00	36,400.00
Supreme Court	29,200.00	28,100.00	28,100.00	27,600.00	27,600.00
Tempe State Teachers' College	148,750.00	140,500.00	140,500.00	216,385.00	151,385.00
Tumacacori Mission		1,000.00			
University of Arizona	986,687.61	942,813.03	843,397.41	1,454,767.53	1,014,767.53
Vocational Education	92,660.00	106,100.00	106,100.00	35,000.00	35,000.00
Veterans Service Officer				10,000.00	
<b>TOTAL</b>	<b>\$5,629,334.42</b>	<b>\$6,461,693.37</b>	<b>\$5,643,745.98</b>	<b>\$6,763,143.83</b>	<b>5,822,428.13</b>

"ARIZONA HIGHWAYS"

"Civilization follows the improved highway," the first statement of the new magazine named: "Arizona Highways," which has started its career of publication in the interest of good roads by the Arizona Highway Department. Its columns contain some very informing statements as to the actual condition of many portions of the state highway system, including a map, which shows at a glance the paved roads, both those which are completed and in course of construction; which map also shows other types of highways both those constructed and under construction by the state; also lines of highway which are now maintained by the various counties of the state.

Speaking generally of the highway system as contemplated under present plans, the magazine says:—

"The mileage included in the seven per cent Federal Aid system is 1498, while the total present state system, including the seven per cent system, is 1990 miles, or practically 2000 miles . . . .

Of the approximated 2000 miles of highways, 181 miles are now paved; 1250 miles are completed as to grading and structures, and with variable classes of surfacing, some of which now need to be paved, and much more will require paving within a very few years as traffic increases." Further it says:—"considering that in excess of \$20,000,000.00 has been expended to date it is evident that at least \$35,000,000.00 will be required. This means an average of at least \$3,500,000.00 annually for construction. This amount added to the annual requirements for maintenance and general operating expense of the Highway Department, means a minimum average total annual expenditure of \$4,500,000.00."

Speaking of the entire amount expended for highways in Arizona since 1915, the Arizona Highway gives a table as follows:—

State Tax levies .....	8,192,966.02
County Tax levies .....	9,194,229.48
County Bond issues .....	18,501,000.00
Motor Vehicle Tax .....	1,967,803.16
Gas Tax .....	1,477,103.15
Motor Bus and Truck Tax .....	32,278.10
Federal Aid Received .....	5,604,915.89
Total .....	44,970,295.80

This total of course includes all highway funds, state and county funds of all kinds, for all highway construction, operation, and maintenance since 1915. The total makes an average expenditure of approximately \$5,000,000.00 per year

during the period covered by the table. If it be considered that the present number of automobiles owned by citizens of Arizona, is for the present year approximately 50,000, the above figures show that over \$900.00 per car has been provided by the Arizona public, since 1915 to inure to the benefit of present owners of automobiles. Certainly not a bad showing in a state where the total population is about 340,000 people including some 34,000 of Indian population not taxed.

In connection with the subject of how the burden of highway construction should be distributed among the individuals of the public, the Arizona Highway asks the question: "Who benefits?" its general answer to that question is:—

"The building of all highways of general motor use will produce either direct or indirect benefits, which are generally classified as follows:—

- (a) Benefits to organized society in general.
- (b) Benefits to definite groups, such as labor, agriculture, and various other industries.
- (c) Benefits to property.
- (d) Benefits to the road user.

"It is impossible to determine accurately the relative amount of benefits derived by each of these classifications or groups."

Further upon the question of future financing of highway construction, the Arizona Highway says:—

"A tax upon all property within certain limits is just and equitable, and should be included, within those limits in any financing program which may be adopted. From the statistics given herein, it would appear that property now carrying all of the burden that should be imposed upon it, particularly so when the present obligated indebtedness is considered in conjunction with the tax levies for current funds, and it seems proper that it should be so considered. . . . The gas tax is as near a popular tax as is possible for a tax to be popular, and if it is determined that the users of the roads are not paying their pro-rata of the cost, an increase may be considered.

**Bonds are not the most desirable means of securing finances for any purpose, and for highways are no more than a mortgage upon any asset for improvements, as the privilege for the advanced use of the money must be paid for."**

Concluding its editorial statement upon the subject, it says:

"The state is now face to face with an issue upon which procrastination can only result in economic waste and added financial burdens for the future. Other states have and are now facing and meeting just such conditions. This cannot be done by hurriedly assembled legislation to be used as a medium of barter in legislatures. Such finances can and must be provided, but serious consideration must be given and a careful analysis of all possible sources must be made if suitable provisions are inaugurated which will be practical, equitable and just. Is not this problem worthy of serious consideration?"

With public financial problems at all times present in the State of Arizona, and with the question of how to solve those problems and adapt them to future need, with as little additional burden upon the public as may be possible in view of all present burdens, it is always helpful to know what other states are considering in that same connection. The immediate article deals with the question of highways. The future development of roads necessary to the advancement of the industries of the state, therefore.....

The Magazine is indebted to the "Arizona Highways" magazine giving to the public, a report of the California Highway Commission, as to its suggestions as to the future policy of that state in the matter of further highway constructions and maintenance. Among other subjects, that Commission is quoted as saying:—

"We recommend that the financing of state highway construction be changed from the expensive long-term bond method to the 'pay as you go' method as rapidly as it can be effected.

"We recommend that the revenue for this construction program be derived from increased taxes upon the users of motor vehicles, either by increasing the plate tax, or by an increased tax on gasoline, or by a combination of these forms of tax."

These two recommendations are certainly consistent. A "pay-as-you go" policy, would certainly put a curb upon unlimited bond issues, and while the suggested method of deriving the revenues for carrying out such a policy, may not meet with general approval by the traveling public, the idea of a gasoline tax, which has been adopted by forty states, has in its favor the fact that the payment of such a tax does have a direct effect of requiring contributions from actual users of improved highways, a tax return for highway benefits received in



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription MAY, 1925. 50 Cents

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such use.

The general purpose of the highway publication is that of giving the public facts as to just what is being done with state highway funds towards highway construction and maintenance. The tax-paying public cannot have too many facts before it bearing upon that question. The Arizona public is fair. Its taxpayers have already shown a willingness to share the required burdens in taxes paid towards actually necessary support of all state institutions including highways. With all the facts before it at all times, there can be no doubt that same public will be able to solve all questions of finance both for the present and the future as connected with necessary highways. The taxpaying public certainly know, collectively and individually, how much it can presently afford to allot from public funds needed for all public purposes, to the particular purpose of completing a state highway system. If facts are before them. If in acting upon those facts, the public finally acquiesce in present policies, or devolve new policies, it will then have acted intelligently, as a public, and whether the cost of carrying out such policies as finally adopted be more or be less, the public will finally have acted as such in authorizing highway activities for which it must finally pay the cost. As between "going it blind," with no facts to act upon, and going ahead with "eyes wide open" with

knowledge of the real facts, there can be no question as to the latter being the most satisfactory basis for public action.

If the "Arizona Highways," continues to give the public real facts and real figures. If it continues to announce to the public the ideas and proposed policies

of the highway department, it will fill into a public niche, heretofore vacant, and whether those ideas and policies are finally acceptable to the public, or not so acceptable, the public will have something to act upon for its approval or disapproval thereof.

## Questions and Answers

**Q.** The question is again asked as to when and how individual taxpayers may be heard upon the question of assessed valuations of their real and personal property, for the purpose of taxation.

**A.** The Magazine is aware that many newcomers are added to the list of taxpayers each year, and even aware that dates for doing things, when those dates relate to business affairs which occur only once in a year, often slip from the best of memories, so it is with pleasure that the same answer, heretofore given in other years, is quoted as follows:—

As soon as the clerk receives the rolls it is his duty to give notice of the fact, specifying therein the time of the meeting of the County Board of Equalization by publication in some newspaper, if there be one published in the county, and if none, then in such manner as the board of supervisors shall direct, and the clerk shall keep the roll open in his office for public inspection. Two members, a majority of the board of supervisors, may act as a county board of equalization, and **that board is required to meet on the first day of June of each year, and shall continue in session from time to time until the business of equalization is completed; the law provides that this June meeting shall not continue beyond June 10th, at which time the board shall adjourn to meet on the first Monday of July following.** At this meeting the board determines whether or not the raises and increases in assessments proposed at the June meeting shall stand. **At the June meeting said board may change any valuation.** If an assessment is raised notice of that fact must be given to the person to whom the property affected is assessed upon the rolls, and published notice must also be given **setting the first Monday in July, at nine o'clock in the forenoon as the time the board of equalization meets to determine whether the assessments referred to shall be increased.** At this meeting, which may remain in session not longer than the Second Monday in July, the board finally decides upon whether it will increase any assessment, and at this meeting **the one own-**

ing property and all others interested therein are entitled to full opportunity to appear and resist such increase. The law provides that "the decision of the board as to whether the assessed value of any property shall be increased, and if so, to what amount shall be final . . . unless an appeal is taken as hereinafter provided." The law also provides that: "any person, firm or corporation, dissatisfied with the amount of his, their or its assessment as fixed by the board of equalization, may appeal from the action of the board, to the superior court of the county in which the board holds its sessions, on or before the fifteenth day of September following the adjournment of said board. Appeal shall be taken by written notice to that effect to the chairman or presiding officer of the board of equalization and served upon the clerk of said board in the same manner as a summons in a civil action; provided that no appeal shall be taken unless the appellant shall, before taking the appeal, pay to the county treasurer of such county the full amount of taxes levied and assessed upon the property of the appellant by the board of supervisors, in accordance with the valuation of such property as fixed by the board of equalization, which payment shall be accompanied by a written protest, addressed to and filed with such county treasurer setting forth the reasons why the firm, person or corporation making such payment deems the amount of such assessment erroneous or excessive." There is another line of action which is suggested by the revenue law of the state, that is for a taxpayer, to apply to the State Tax Commission for relief as to matters pertaining to the assessment of property. That law provides that the Commission may "require any county board of equalization, at any time after its adjournment, to reconvene and make such orders as the state tax commission shall determine are just and necessary, and to direct and order such county board of equalization to raise or lower the valuation of any property, real or personal, of any person, firm, company or corporation." The State Tax Commission also

performing functions as the State Board of Equalization, under the laws acts upon changed assessments under a provision, that:—

"On or before the second Monday in August in each year, the State Board of Equalization shall transmit to the Board of Supervisors of each county, a statement of the changes, if any, which have been made in the assessment by the state board of equalization." The mode of applying to the State Tax Commission is not fixed by the statutes, but in practice, the application for changing an assessment value should state the reasons why the value as fixed by the county officers is excessive and not true cash value of the property in question. It is not the purpose of this answer to give the details as to the course of action to be taken by a taxpayer who feels aggrieved at the valuation of property as fixed for purposes of taxation. It has given a general statement which covers the time to act, and also in general, the manner of acting. Unless action is so taken, and followed according to the particular details as prescribed in the revenue laws of the state the question as to assessed valuation is, as stated in the law, final. And thereafter, failing to take advantage of the modes of relief as in general pointed out in this answer, the courts will not go into the question of valuations in any suit involving taxes levied according to valuations which become final as above noted.

—0—

**Q.** A subscriber to the Magazine requests information as to how the voters of a county may proceed to get through an initiated measure under which the people of the county may reduce the present expenses incurred by county officers for deputies and stenographers, for performing services which could be performed by the officers themselves, and to compel the officers to pay out of their salaries, in event they employ others to perform duties which such officers could perform themselves. The

**inquiry comes from what is a "third class county," under the county classification law.**

**A.** Under subdivision 8, Article IV of the state constitution it is provided as follows:—

"The power of the initiative and referendum are hereby further reserved to the qualified electors of every incorporated city, town, and county, as to all local, city, town, or county matters on which incorporated cities, towns, and counties are or shall be empowered by general laws to legislate."

So far as counties are concerned, the legislature has empowered counties, through the provisions of Paragraph 3337, of Civil Code of 1913, as follows:—

" . . . And any ordinance, franchise or resolution may be proposed by initiative petition in any county, and in such case all provisions of the three preceding sections shall be applicable."

This statutory provision must be read in connection with the constitutional provision as above quoted, and when so read, is limited in its effect to "county matters on which . . . counties . . . are or shall be empowered by general laws to legislate. There seems to be no specific legislation through which a county may control, the performance of duties of officers, nor fix salaries or compensation of its officers. The constitution expressly provides: (Sec. 4, Article XII) "the duties, powers, and qualifications of such (county) officers, shall be as prescribed by law." That same section gives the boards of supervisors power to fix salaries for all county officers, for which no compensation is provided by law, such amounts to remain in full force and effect until changed by law. A provision which the Supreme Court has construed to have meant only a power to fix salaries during the interval of statehood, and legislation necessary to change from the "fee system" to salary system, for officers as required by the constitution. Acting under above provisions, the legislature in 1913 enacted the first "county classification law,"

which has been amended, and the last amendment applying to counties of the third class, appears on page 272 of the Session Laws of 1919. So it would appear that counties have not been given any power to legislate upon the matter of salaries of county officers, nor upon the subject of how their duties shall be performed. Hence the matters referred to in the question asked, do not seem to be matters which are subject to county initiative, through action of the voters. Inasmuch as the subscriber who asks the question, feels that the taxpayers of the county where the question arises, are made unnecessary expense through the hiring done of what regularly elected officers should do in the conduct of their offices, attention is directed to Subd. "e" on page 275 of Session Laws of 1919. This section provides:—

"All of the county officers hereinbefore named, may, by and with the consent of and at salaries to be fixed by the board of supervisors, appoint such deputies, stenographers, clerks, and assistants as may be necessary to properly conduct the affairs of their respective offices."

Attention is also called to the provisions of Paragraph 2418 of Revised Statutes, 1913, where it is provided:—

"The board of supervisors, in their respective counties have jurisdiction and power, under such limitations and restrictions, as are prescribed by law: (1) To supervise the official conduct of all county officers, . . . see that they faithfully perform their duties, direct prosecutions for delinquencies, etc."

From all of which it appears that taxpayers have the right to appeal direct to the board of supervisors as to any grievance such as suggested in the question above. That the latter board has power to control the situation, and express power to refuse to sanction the appointment of extra assistants, in case it appears unnecessary, or necessary only that the head of any county office may have his or her time to devote to other than public affairs of the office.

## "A SAFE TAX FOR NEW MEXICO"

New Mexico assumed statehood not so long in advance of the time when Arizona entered the union of states, that her period of expansion from the plans of territorial days, to the demands under statehood, undoubtedly presents experience lessons, not entirely dissimilar to those lessons in Arizona. Under the above head of: "A safe tax for New Mexico," the New Mexico Tax Bulletin, which is published by the Taxpayers' Association of New Mexico, speaking in the interests of taxpayers of that state,

in a recent issue, treats of the high tax situation in that state, and among other statements of local concern, upon the general proposition of that situation, says as follows:—

"Assuming that the state and its subdivisions will maintain or increase its present scale of expenditures, the question naturally arises as to the effect of increasing tax rates. There is no doubt that a large group of taxpayers are at present in no condition to pay any taxes at all and must either borrow money for

this purpose or surrender their property. With credit already exhausted, this group can only say, "Take my land and my home, my livestock and my equipment,—I'm through." If taxes are kept at present levels, or increased, it is quite probable that this group will continue to grow in numbers and the amount of tax delinquency will increase.

Consider, then, the taxpayers who are able to pay on present rates. What will be the effect on them if these rates are further increased? Can their taxes be



raised sufficiently to make up for the loss of revenue from the group described in the previous paragraph? Will not some of them be driven into the same non-taxpaying group? Granting their present ability to pay, will they be able to put money into enterprises which create wealth and opportunities for employment, if the tax collector takes further toll of their industry, ability and thrift?

The economic effects of taxation are often overlooked. Superficially it may be concluded that this individual or that class of property can pay and should be made to pay higher taxes. Careful consideration, however, might disclose the fact that in taking too much of such wealth for public purposes we would run the risk of losing even the revenue we now receive from such sources. We would kill the goose that lays the gold-

en egg."

Assuming that taxpayers as a class endeavor to pay their taxes. Assume also that the present conditions which surround that particular class of property upon which an individual pays taxes, are such to make it temporarily unproductive, or, if productive, the returns are without profit to the owner. Assuming that an owner of such property is straining every nerve and cutting every private corner of private expense, to make good. And with all such efforts unavailable to overcome conditions over which that taxpayer has no control. Then there exists a condition which from the standpoint of the entire public, justly demands some responsive action by that public towards reducing, rather than increasing the tax burden as an added expense to that taxpayer. The general public can aid the struggling taxpayer to meet his

share of public burdens. That public, can retrench as against new activities. It can, through its "budget" officers, of state, county, city, towns, and school districts, keep down the amount of proposed expenditures. It will be better in the long run towards public progress, to mark time in the matter of what public activities are attempted and supported than to attempt to undertake so much as a whole public, that any particular class of private enterprise, is forced to suspend. Success for private individuals means final success for the whole public. If there are units in the whole, as to whom the pace set by the aggregate, is too fast, then the whole public should slacken its pace, until every unit is strong enough to again proceed. Public success cannot follow with individual failures rampant.

## A Letter as to Availability of Federal Aid Funds for Arizona Highways

There has been considerable general discussion in the public as to the possibility of a loss of Federal Aid funds to the state through inability of the state to "match" such funds with the amounts required under the law pertaining to joint construction by the United States and the state of Arizona of the adopted "seven per cent" system for the state. That discussion has to do with the present law of Arizona which controls the amounts to be raised and the manner of distribution and use of state funds, as well as a consideration as to how much and how long, funds allotted by the United States will continue available to be used in connection with funds of the state for highway construction.

Without entering into any further discussion upon the state of the law as to Arizona's highway appropriations, nor into the question as to how much of such appropriations may ultimately become available at the rate of twenty-seven dollars, with decimals plus, to call for seventy-two dollars, with decimals plus of Federal aid, on the basis of construction cost of one hundred dollars of joint funds, it is some satisfaction to be able to present to our readers, a statement from the office of the District Engineer in charge of Federal Aid construction, for the government, as appears in a letter quoted as follows:—

"Phoenix, Ariz., May 6, 1925.

"Mr. W. C. Lefebvre, State Engineer,

"Phoenix, Arizona.

"Dear Sir:

"Recent statements in the 'Arizona Gazette' and 'Arizona Republican,' that \$1,700,000.00 allotted to the State of Arizona for Federal Aid Highway con-

struction will soon revert to the U. S. Treasury on account of a lack of state funds to match this amount on various percentages of co-operation, have been noted.

"These statements are most certainly in error.

"A correct statement of Federal Aid Funds now allotted to Arizona, according to the books of this office, is as follows:

Fiscal Year For Which Appropriated	Balance Available	Must Be Obligated Before
"July 1, 1922 to June 30, 1923 (1923 Fund).....	\$ 31,404.75	July 1, 1925
"July 1, 1923 to June 30, 1924 (1924 Fund).....	\$ 112,330.47	July 1, 1926
"July 1, 1924 to June 30, 1925 (1925 Fund).....	\$ 813,771.55	July 1, 1927
"July 1, 1925 to June 30, 1926 (1926 Fund).....	\$1,056,171.00	July 1, 1928

"Funds appropriated and available on July 1st on any given year, remain available for two fiscal years immediately following the fiscal year for which appropriation has been made.

"We understand that you have projects in preparation to absorb all balances of 1923 and 1924, and part of 1925 funds. The remaining unobligated funds of 1925 (available July 1st, 1924) are available until July 1st, 1927, more than twenty-five months in the future.

"You will plainly see that there is no cause for alarm, in-so-far as the time allowed to cover these funds is concerned.

"Of course delay to the last moment, causes an inordinate amount of work to be rushed through both your office and this. A well arranged program distributed over the years leads to efficient

and economic management.

"I would thank you to correct the proper authority by forwarding a copy of this letter.

"Very truly yours,

"E. S. WHEELER,  
District Engineer.

"By C. G. Morrison, Acting."

The particular point which appears in the above letter, is that funds from the

Federal Government to the amount of \$1,056,171.00 will become available on July first, 1925, and will continue to be available until July first, 1928. Also the point that as to funds allotted by the government and made available as of the first of any fiscal year, remain so available, ready to be properly "matched" by state funds, for two fiscal years immediately following the fiscal year for which appropriation has been made.

In passing, attention may also be called to the fact, that a regular session of the State Legislature will convene in January, 1927, and its attention can then be devoted to the amount then unappropriated, and necessary, to prevent any loss to the state, through its failure to cover the Federal appropriation, shown by the letter above, to be available after July first, 1925.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TWELVE

PHOENIX, ARIZONA, JUNE, 1925.

NUMBER SIX

## *Prepare for Economical Estimates for City and County Expenditures*

In July every county, and nearly every city in the state, is required to prepare and publish a proposed estimate of contemplated expenditures for a new fiscal year. When such estimates are finally adopted, they become the basis of authorized expenditures of counties and cities for that fiscal year. The boards of supervisors of counties, and the city and town council or other governing body of each city and town, are required to prepare these estimates. As a preliminary step towards so doing, it is necessary that the books of each county and city are brought up to date. That the records are in such shape as to show all known contingent claims, all claims outstanding which later will become incumbrances upon funds of the present year; and so up to the minute that a statement may be prepared showing a complete record of the financial affairs of the previous year. These estimates must show the actual expenditures of that year. The revenues from all sources for that year. And with that complete financial statement, of the business affairs of city or county for the past year, there must be a statement of every item and amount proposed for expenditure, for each and every city or county object or purpose, for the new fiscal year. The state law relating to what shall appear in such annual estimates is sufficiently specific, and so specific that if its provisions are strictly complied with, each board of supervisors, and each common council, will have before it, such details as will enable them to adopt a new estimate, which will be sufficient for the needs of each county and city, respectively, and also enable them to distribute appropriations for each object and purpose to amounts sufficient for each, and when every item is thus taken care of, necessary amounts only will be made available, and the total aggregate will or should be a well considered and necessary aggregate. In the preparation of such estimates, any possible economy through reduced amounts allowed for expenditure, will come about, if at all. The details upon which to base such estimates, do not appear spontaneously. The bookkeeping entries, account balancing, and accounting, necessary to intelligent action in proposing budgets, must precede that proposal, the full co-operation of other officers of each county and city, is necessary to the required end. Accuracy and certainty depend upon careful preparation and figuring. The officers upon whose actions will depend a carefully prepared estimate of county or city affairs, and a closely considered proposed estimate of expenditures for a new year, should not put off until the last minute, what each must do towards accomplishing real results.

Let every officer, knowing what is required, commence at once to prepare to meet those requirements. Through no other course can economically proposed estimates for expenditures come into being.



## EDITORIAL COMMENT

### Reflection Upon Highways Retrospective and Prospective

Civilization and the modes of travel have progressed hand in hand in the annals of history. From the time in ages long past when the news of battles were carried from battlefields to the people at home by fleet-footed messengers, relaying from post to post, up to the present time when through the air, and by radio the news of the day flashes almost as swiftly as thoughts can be put into words, there have been many evolutions in the vehicles for travel, in the highways of travel, and it may safely be said that the advancement of civilization has rested in part upon the means of each day and age for transporting the articles of commerce, and the ability of people to go from place to place in the interests of their individual activities, both for business and pleasure.

Confined to the history of the development of the United States, the history of the highways as these have been constructed at public expense until the last few years at least, has been such construction as would meet the real necessities of industrial progress. The old Indian trails at first followed by the earlier pioneers in their quest of homes and wealth in the west, and upon which they at first retraced their steps to satisfy their demands for supplies from trading posts, here and there established along waterways, and at the outposts of what was the recognized civilized country of each stage of development, soon became developed as roads upon which ox-teams, stage coaches, and wagon freights could pass from place to place, and by gradual extensions of such roads, keeping pace with the gradual extensions of the cycle of civilization as more and more pioneers located for farming other ranches or for cattle raising and sheep grazing, upon the lands of the west, and as prospectors developed prospects in working mines, and as more and more people selected for themselves some one or more from the abundance of opportunities in the undeveloped country of our states, all this became a demand for better highways to meet the real necessities, to supply the necessities of life, by furnishing a means of transporting supplies from the base to pioneer consumers. All a his-

tory in highway development where actual necessity preceded, and actual construction followed the demands of industrial progress.

#### **Conservative Methods of Raising Funds by Annual Tax Levy Lost Sight of In Demands for More and More Automobile Roads.**

The foregoing outlines the situation as it existed prior to the advent of automobiles. Wagon roads which prior thereto had satisfied the requirements of their intended use, no longer satisfied an impatient desire to satisfy to the fullest extent, the range of travel according to the greater speed, and increased power of automobiles as a means of transportation. Demands immediately arose that highways be improved, that the mileage of improved highways be increased. The methods of acquiring funds for construction which had been used for years of the past, was not a method sufficiently speedy to satisfy the desires of those whose thoughts were mainly those of distance to cover and speed in so doing. Annual tax levies for road purposes became to be looked upon as too old-fashioned. The idea of borrowing public money upon public credit represented by bond issues, grew from an idea, into an actual policy of the public, and still exists as a policy in practice. The conservative public, after being gradually weaned away from the old methods of "pay-as-you-go," used in road building, still held to some ideas of real necessity, as the foundation reason upon which to construct highways, with borrowed money.

With a constantly increased number of automobiles in use among the individuals of the public, there has come about a wide diversity of thought and expression as what today are highways of necessity. Diverging upon the point of what is real necessity, and what can be urged as such a necessity, whether real or not. The old ideas of "build roads as the public needs and present means can do so to meet industrial growth," is confronting newer ideas of "build more and more, let the public of the future pay, if the present public cannot, let the opportunity for travel become without limit; if industrial development follows, well and good, if not, the high-

ways will be there to satisfy our present desires, the pay day of experimenting will be postponed, why any present worry about the cost of such experiment."

It is true that some portions of the public will follow the improved highways, the range of travel will increase with the increase of such highway mileage. There are those who insist upon that as a substantial reason of necessity for continuous bond issues and continued construction of such roads. On the other hand, the general tax-paying public, that portion of the public which must eventually pay the cost, are vitally concerned in the possibility that large portion of the present public who so urge may pass along and leave the more stable public, to finally pay the bills for such construction, with no actual industrial progress developed in or to the state from the operation, and in the absence of such progress, excessive highway construction will become a practical loss to the constructing public in the course of final results.

The debt abhorring ideas of our forefathers whose ideas of thrift, slow and sure progress, along lines of economy, and the gradual accumulation of increased worldly assets, seems to be at a point where too many of the public are willing to accept the actual results in the progress of civilization brought about under those old rules of action both in public and private affairs, and perhaps too often run in debt for private vehicles for conveyance, and with that private credit for future payment established as the private rule of indulgence in things beyond their present means, it becomes all too easy to further indulge in demands for publicly created debts—in bond issues—that unlimited mileage of improved highways be established, as a means of still further satisfying luxuriously planned uses for installment purchased vehicles.

#### **The Real Future Problem of Paying Bonds Now Concerns the Thrifty Portion of Our Public.**

To the conservative people, those who still think and plan for the future, there is the rising spectre of the maturity dates of present bond issues, the funds from which have already been expended for highway improvement, which caus-

es them to still pause and consider the industrial values of present highways, and the real probable industrial values of additions thereto, in connection with any further bond issues. The butterflies which flit from flower to flower, as compared with the bees, the one living for the pleasures of the day, the other looking to the necessities of the future. Reverting from the illustration as to extreme types, each with ideas as to what seem to be "necessary," it seems quite evident that the demands of the one are so foreign to the real question of providing highways to increase the material wealth and development of any state or community, as to be discarded when the general public

already straining under taxes, not only for general purposes, but for highway purposes, and for interest and principal required on account of highway bond issues. It would seem to be self-evident that under present day conditions, when public men are all urging the necessity for reduction in the aggregate of public expenditures, as a means of relieving the drain upon private business through taxes thereon, that any present day policy to be adopted for future use in connection with highway improvement, should be based upon the same safe, conservative, and experience proven to be correct foundation, that of building to keep pace with real industrial demands. To thus aid the industrious,

thrifty, and serious minded individuals, in their individual activities towards lasting and permanent prosperity for themselves, and so, increased wealth and prosperity for the whole public. And to thus within the limits of what can be done, without over-straining, and over-burdening those who must eventually pay, satisfy real, rather than make any outside attempts to satisfy the desires of others not so thrifty. In other words, let the "butter-flies" of the public take what they find in their flitting, but assist the "bees" to the fullest possible extent within the range of public ability to so do, with that ability tested by what can be presently afforded, and presently paid for.

## *What Is It All About--Taxpayers' Associations and Their Efforts*

Whenever a new organization enters the field with ideas and purposes connected with matters of general public concern there soon comes to be two divisions among the members of the public. Those who belong, and those who stay on the side lines and watch and await developments from which to ascertain what it is all about. Hence the theme of this article, as to what are the real general underlying purposes and objects to be accomplished by present-day tax-payers' associations, which are really such.

At the outset it may be said that all organizations whose purposes and activities have to do with taxes are not really taxpayers' associations in the true meaning of that term. There may be associations organized for the particular purposes of concerted action in favor of reducing taxes levied upon some particular kind, class or character of taxable property. There are such associations whose energies have been devoted to devising more methods of raising public revenues, so that the public would not directly appreciate the fact that it was paying tribute to increased public expenditures, with thoughts akin to "painless extraction" methods of dentists; and finally there exists real taxpayers' associations whose purposes extend to the accomplishment of actual relief to all taxpayers, regardless of any kind, class, or character of property upon which any of the tax-paying public may pay taxes, and, regardless also of how indirect and "painless" the direct methods of acquiring public funds, may have been finally devised.

### **Economy in Use of Public Funds the Base of Purpose of Association.**

Quite generally the thinkers upon taxation questions have come to recognize the paramount question involved in the actual aggregate of taxes, direct and indirect, which is an aggregate made necessary through the continued and still continuing increased amount of expenditures which the whole public through its many agencies of what is termed "government", makes to meet the activities of that agency. The efforts of those thinkers is not to shift from one class of property to another class, any undue portion of the whole burden, nor to increase ways and means to increase the amount of revenues without an appreciable notice of such increase being taken by the paying public, but comprise efforts to devise ways and means of public economy. An economy which starts at the fountain head from which flows the many currents which carry activities and call for funds to keep each current running. An economy which to be accomplished seeks among the many currents now flowing from the public treasury to eliminate such as are useless, unnecessary, and unbeneficial to public welfare in final ends of results attained. An economy which to be accomplished must include efforts directed to so using public funds that in the use thereof towards such activities as are found to be really indispensable to the public welfare, and general advancement of the people, there exists no wasteful practices, no actual lavish and unnecessary use, and that public dollars actually expended for public purposes, give the public an actual dollar of investment value, as

near as that value can result through eliminations of useless overhead expenses of operation connected with public activities.

### **Simple Rules for Success of Private Enterprises in Private Business.**

In short, all latter day taxpayers' associations have in mind the accomplishment of economy in the use of public funds, through an application of simple rules as applied to the use of funds in successful private-business enterprises. Simplified and reduced numbers of branches and departments for the conduct of the enterprise. Simplified and reduced as to remain amply efficient and capable of successfully getting the desired results. A division of funds for operation of each branch and department, according to the actual importance thereof when viewed in connection with the whole scheme of the whole business enterprise, with allotments for each limited to real necessities which have been demonstrated to be such, rather than for so-called necessities, which are really of speculative and doubtful character, or really not necessary at all to the general success of the whole business enterprise. And finally, with properly considered and carefully determined amounts allotted to branches and departments, such careful supervision and consideration of amounts actually expended from each allotment, that each item so expended can be truthfully posted into the columns of necessary expenditures among similar entries in the records of all expenditures for all purposes of the entire private enterprise. A rule of private economy which extends to private purchases and private investments, that of getting the



best quality for the least amount expended therefor.

**An Application of Similar Rules to  
Bringing About Economy in Ex-  
penses of Public Business.**

The majority of the public are in theory the controlling head of all government. If the majority of the people really desire a reduction in tax burdens that reduction will come through the exercise of its power at the proper time and in an effective manner directed to the desired end. If in any branch or department of governmental activities, there is a possibility for reduced costs thereof, that possibility will appear

through an application of some one or more of the recognized rules of private business above alluded to as being such rules. Economy of government organizations may be effected through simplification of methods and reduction through elimination of useless and unnecessary branches, agencies, and departments. Economy in the matter of appropriations made for the maintenance and conduct of the activities of what branches, agencies and departments, may remain as to be necessarily continued and supported, after an effective application of the process of elimination called for by the first step towards economy as above suggested, will follow through the use of a well-considered, carefully planned and close-

ly adhered to budget confined again to such amounts as the importance of any public activity may bear to the whole purpose of all government. A further economy connected with the actual use by expending agencies of government, through confining those expenditures to real necessities, if expended for expenses; and through getting the best value possible for each dollar expended for improvements and new constructions for public purposes. And finally, through an economy to be practiced by each class, element and mass of the whole public, to be practiced by each, and to be applied by each to every suggested proposal which would create new public activities, call for additional funds for new improvements, and new

*A Table Which Shows the Amounts and Gen*

A table which follows this article is taken from the report of the State Tax Commission made for the year 1924. It shows the assessed valuations of taxable property of the State for each of the tax years 1915 to 1924, inclusive. It also shows the total amounts of general county taxes raised in each of those years in all the counties of the State. The aggregate for the year 1915 was \$2,992,595.58 and appears as an aggregate of \$6,454,954.92 for the year 1924. The table also segregates the amounts raised in each year for the general fund

of counties, for the general common school funds, for county highway funds and for interest and redemption funds of county bond issues. The table shows the percentages raised for each of such funds for each year.  
Bringing the aggregates shown for each fund forward, it appears that \$1,295,844.44 was raised for general county purposes for the tax year, 1915, an aggregate increased to \$1,671,474.71 in the year 1924. That the general school fund raised in 1915, by county taxes, amounted to \$853,516.81, as compared with the amount, \$2,406,260.83

raised for tax year 1924, for same purposes. The road taxes for year 1915, amounted to \$552,079.45, as against \$752,883.70 for year 1924. Intermediate years showed aggregates to the maximum of \$1,291,018.93 raised in 1923. Outside of the tables it may be stated that several of the counties, decreased the county levy for road purposes for reason of amounts available to such counties from a distribution of the three cent per gallon tax upon gasoline sales, collected by the state, and fifty per cent of such collections in turn sent by the state to the counties in proportion to

**COMPARATIVE STATEMENT OF GENERAL COUNT**

Year:	General Fund			
	Total Assessed Valuation	Total General County Taxes	Amount	Percentage of County Taxes
1915 .....	\$420,532,411.90	\$2,992,595.58	\$1,295,844.44	43.00
1916 .....	486,406,518.50	3,099,301.45	1,286,732.06	41.00
1917 .....	697,526,619.68	3,551,816.92	1,558,476.95	45.00
1918 .....	834,020,532.22	4,172,973.05	1,756,830.50	42.00
1919 .....	855,224,720.93	5,026,881.62	1,980,953.77	39.41
1920 .....	884,455,682.50	6,073,479.64	1,899,732.80	31.28
1921 .....	830,536,582.00	6,894,897.48	1,983,074.75	28.77
1922 .....	732,021,286.00	6,530,067.75	2,037,899.19	31.21
1923 .....	697,002,006.00	7,104,898.46	1,939,054.77	27.29
1924 .....	649,879,308.00	6,454,954.92	1,671,474.71	25.89

constructions, an economy rule to be applied to each such proposition, through the asking and answering of the simple question of: "is it really required for general public welfare?" And if not so required, reject the particular proposal as being unnecessary for any inclusion among public activities at all.

Bearing in mind that the taxpaying public desire reduced taxes. Assuming that taxpayers' associations have their inception in an intent to further that general desire. Keeping in touch with the rules suggested as to how such a possible economy may finally be brought about, then it remains to be seen as to how the public may be properly advised

as to where and when to apply those rules, as a means to the desired end of economy in public expenditures. The business man reads his trade journals. The professional man reads the publications directed to the particular profession in which engaged. The mining man keeps in touch with new inventions, new devices, and new processes, promulgated through mining journals and similar publications. The wheels of progress in sciences, arts, professions, and in all lines of activities, are revolving too rapidly in the present age to permit each individual to keep pace with and be fully advised as to it all. The present age is an age of specialists. The real purpose of taxpayers' associa-

tions is to meet, so far as possible, the public demand for public economy so far as possible and consistent with the continuation of an efficient government, and to become in a sense specialists upon that subject. The purpose of our organization is the common purpose of such organizations, that of specializing upon the subjects of taxation, public expenditures, and the necessities therefor. That a demand for such a specialized consideration of such subjects really exists, is evidenced by the increased numbers of such organizations. The effect of education upon any subject cannot be determined in Troy ounces, nor in terms of value in dollars and cents. Such organizations plant the seeds of public economy.

## Purposes of County Taxes For Ten Years

whole amount of such tax collected in each county. Under the head of "interest and redemption", a column which shows the annual cost in interest and redemption of county bonds, the amount, \$291,154.88, for those purposes in 1915, appears increased to an amount, \$1,624,335.68 required in 1924. This increased amount of taxes, for bond purposes, arose mainly through issues of county bonds for highway purposes.

From the table it may be noted, that out of all taxes raised in the tax year 1924, 37.28 per cent of county raised taxes went to the school funds of coun-

ties, and 25.17, of such taxes went towards interest and redemption of county bonds. The table shows a reduction in the percentages of the general funds of counties, shown as 25.89 per cent of all taxes for year 1924, and in road taxes, shown as 11.66 per cent of all county taxes shown for same year.

Considering the figures in the table it therefrom appears that a large proportion of the actual increased amount of county taxes, increased as it appears from \$2,992,595.58 for year 1915, to an aggregate of \$6,454,954.92 in 1924, arose through increased amounts raised

for school purposes and for bonded indebtedness of counties.

The table has nothing to do with the amounts which were available to the several counties, for any of the years there mentioned, through other sources of revenues, than direct property taxes. Nor does the table disclose amounts raised in special districts of the counties, such as special school district tax levies, irrigation district, or other similar district levies in the counties. Nor does the table show the amount of state taxes raised in any county for any of the ten years covered therein.

## TAXES FOR THE YEARS 1915 TO 1924, INCLUSIVE

School Fund		Road Fund		Interest and Redemption Fund	
Amount	Percentage of County Taxes	Amount	Percentage of County Taxes	Amount	Percentage of County Taxes
853,516.81	29.00	\$ 552,079.45	18.00	\$ 291,154.88	10.00
901,136.77	29.00	521,006.50	17.00	390,426.12	13.00
868,898.48	24.00	677,628.79	19.00	416,812.70	12.00
1,097,623.56	26.00	750,572.07	19.00	527,946.92	13.00
1,439,359.06	28.63	1,016,715.47	20.23	589,853.32	11.73
2,072,152.89	34.12	1,228,385.68	20.23	873,208.27	14.37
2,501,587.58	36.28	1,204,844.65	17.47	1,205,390.50	17.48
1,707,414.49	26.15	1,159,094.24	17.75	1,625,659.83	24.89
2,226,135.82	31.33	1,291,018.93	18.17	1,648,688.94	23.21
2,406,260.83	37.28	752,883.70	11.66	1,624,335.68	25.17



## *Principles of Public Economy Are of Universal Application All Taxpayers Have Similar Problems Toward Tax Reduction*

If one thing has been demonstrated in the course of the present conduct and results connected with public matters, that thing is, that no reform has come about, no great change of any kind, ultimately conducive to public benefit, has in late days come about except through the persistent efforts of citizens, through organizations with the one purpose of accomplishment. The idea of the middle ages, that might made right, that the dominance of the force of arms was the only method by which people could be made to see the necessity for social reforms, has given way to the slogan that "The pen is mightier than the sword," and to the present day interpretation of that slogan, that an educated people will finally adopt such reforms as really necessary to their ultimate welfare, and through education, and by that means alone, modern civilization, advanced as it has been when compared to the dark days, the interminable wars, of faction against faction, exponents of one religious belief against those of another, which have clouded the pages of the history of the middle ages, and of previous centuries, will if ever at all, become a civilization whose people will be so educated to the ideas which now exist as dreamy visions in the minds of idealists, as to finally reach that utopia of those dreams and visions.

Organization for the purpose of educating the people for reform, as a means of eliminating each and every existing factor which retards advancement, and delays progress towards an ultimate welfare of the whole public. That is the real slogan which even if unuttered, and even though not used as such, is the real slogan which actually underlies every civic organization having an object or purpose towards correcting, eliminating and lessening the influences of any existing evil, which if not pushed aside and removed from the course of human progress, delays, impedes, or actually stagnates that progress towards the real goal of civilization, that of peace, happiness and contentment of individuals, and general welfare of the whole of the united public.

Economy as connected with public expenditures. An elimination from a consequent burden upon the paying public, of every unnecessary expenditure, not called for, and unwarranted, in connection with efficiency in government ac-

tivities, and what is required for purposes of true government to the ends as above suggested. Economy which results in the elimination of unnecessary expenditures has today become a worldwide question, and as such treated as a subject for needed reform. This Magazine has consistently lent its efforts to the end of such a reform to be accomplished through means of publicity and resultant education of the people. Similar activities in other states have been undertaken through organizations for similar purposes.

As stated in the heading of this article, the principles of public economy are of universal application, all taxpayers have similar problems towards tax reductions. The manner of handling such problems is recognized as being a similar manner, that of organization for education, and the states of the United States, that is, the organized taxpayers of those states, find their ideas as to proper methods, fortified through being cognizant of the fact that similar methods of dealing with the same subjects have been adopted by taxpayers in foreign countries. It is not possible for taxpayers' organizations to have joint meetings with those of other countries, on a similarity with what may be termed "experience meetings," as connected with other subjects. It may not be practicable, nor possible, to pursue investigations of the subject of economy in connection with public expenditures into foreign parts, in any manner similar to that of foreign researches, study, and investigations, made in connection with sciences, professions, art, and architecture. But as taxpayers, having in heart and mind an honesty of purpose to the end of tax reform, as that purpose is already firmly fixed in the minds of many of the public taxpayers, the experience of other countries, such as may be brought home to them, may have thoughts or words of encouragement, and therein be of assistance to them in their purpose at hand. Hence our readers are given below the final message of Mr. Fred Knight, who for six years has been president of the Taxpayers' Association at Melbourne, Australia, and during which time has contributed many articles to the "Taxpayer", the official organ of that association, and from which the article quoted below is taken, as follows:

"Looking back over the six years of the Association's existence, it is interesting to recall the circumstances that gave it birth, and to trace again its steady growth from those early days to the present, when with our extensive membership in Melbourne and throughout Victoria, and our growing influence, we are able to raise an effective voice in defense of the interests of taxpayers, and of the community generally.

"In the closing years of the war it was most disquieting to those who gave the subject a moment's thought to note that side by side with the country's huge commitments, ordinary departmental expenditure was steadily rising and extravagance and waste seemed more prevalent than ever. This free and extravagant spending led to persistent demands by governing authorities for still more money to spend, and this additional money was, of course, to be raised by increased taxation.

"It was to combat a threatened increase of municipal taxation that the initial meeting of a few representative business men was called in 1919. Others were quickly attracted to the movement and still others—men well known in the business, financial and professional life of Melbourne.

"While I was keenly interested in the movement from its inception, it came as a great surprise to me to be asked to become president of the Association. I was reluctant to accept, in view of the number of well-known citizens more prominent in the public life of Melbourne who were available, but on being pressed, it seemed to me that the position did afford an opportunity to render useful public service, and I accepted it.

"At the preliminary meeting it quickly became apparent that the worst offenders in this orgy of spending were the Federal and State Governments, and the Taxpayers' Association came into existence to endeavor to bring about economy with efficiency in Federal, State and Municipal Government. The first essential laid down for the guidance of the new organization was that it was to be non-partisan. The second, that its work was to be largely educational, designed to enlighten the people of Victoria as to the evil effects of extravagance, with its crushing burden of taxation and its destructive effect on industry and production.

"We have to thank the press for the

generous way in which they have opened their columns to a discussion of these subjects, and for the prominence they have given to the work of the Association. The publication of such matter in the columns of the newspapers has enabled us to reach tens of thousands of people daily. At the same time we have not neglected the personal side of our campaign, and our field officers have carried our message, not only to taxpayers in the city, but also to those in the remotest part of the state. Not the least effective means of spreading our cause is "The Taxpayer," which circulates throughout the length and breadth of Victoria.

"While our primary object is to endeavor to bring about economy with efficiency, and reduce taxation, our rules empower us to assist taxpayers in their taxation difficulties, and to represent them in negotiations with the De-

partment. The individual taxpayer is always at a disadvantage when conducting his own case. As a rule he is unable to spare the time that is necessary to secure interviews with officials. In addition he feels at a disadvantage in arguing his case with officials who rightly or wrongly he believes to be antagonistic to him. The Association on the other hand is able to take the cases of taxpayers, reduce them to the essential facts, and then to present them in such a way to the right officials as will save their time and the time of our own officers. In all of our dealings with both Federal and State departments, we have found the officials courteous and obliging, and ready to do the right thing by taxpayers.

"Looking back upon what has been done, I think all who are aware of the facts will agree with me that the Association has a most satisfactory record

of achievements to its credit. We have conducted unceasingly an agitation for economy that has resulted in material advantages being conferred upon taxpayers. We are the only organization whose business it is to bring about a reduction of taxation, and we fight to attain this end, no matter which party is in power.

"As to the future it is still essential that the utmost vigilance should be exercised to see that economy is observed, that extravagance is curbed, and that no injustice is inflicted upon taxpayers in taxation legislation that is unfortunately rushed through Parliament in the closing hours of each session.

"I am convinced that the Association has come to stay, and that its continued existence is in the interest of all. That is the reason why it should be supported by all."

## *Business Prosperity As Related to High Taxes*

There seems to be prevalent an idea that somehow the government of the nation, state, county, city or town has only to speak its need for funds, and from somewhere those funds will appear in the public treasury, from which to be withdrawn in payment for the many activities of present day government, including the payment of salaries of hordes of public employees, expenses to almost unlimited amounts; including also the carrying on of lines of public business now financed with public funds but which in times gone by were deemed to be lines of business to be operated under private management, at private risk to the private capital therein invested. In our childhood days fairy tales were told us. The goose that laid the golden eggs; the magic wand which turned to gold everything it touched as a means of satisfying the wishes of some favored child of fortune. No wish was beyond the powers of fairyland magic. But the dreams of our childhood, the fireside stories of fairyland, have passed into fond memories, and the adults of today are facing the stern realities of an aggressive and more or less selfish world. No waft of a magic wand brings gold into our purses. Our wishes are fulfilled, if at all, through the persistence of our own efforts. The world progresses, if at all, through the final results of an energetic and persistent people. The governments, and

various subdivisions thereof, established for mutual protection of our property, liberties, health, happiness and ultimate welfare as a whole people, exist in fact and are supported; not through funds miraculously appearing in the public treasuries, but through taxes of varied kinds, variously levied, and drawn to those treasuries, as surely as the many leads of the spider's web, unerringly but surely leads the spider's victims to the center stronghold, where that spider lays in wait. There is no escape from taxation. Governments cannot exist without taxes. The people, all the people, eventually pay. Every old public activity continues to lay tribute to and upon the energies and productions of private activities. Every new public activity enhances the amount of such tribute demanded. The limit of what can be undertaken under the claim of public requirement as an essential to and necessary adjunct of government, is a limit only to the extent which the public can pay in such tributes to the creature which the public itself creates, or permits to be created, developed, and assume colossal proportions.

### **The Public Should Consider a Possible Limit of Its Own Power to Provide Funds For Public Activities By It Demanded.**

The point which concerns the thoughtful portion of the public is when will the

limit be reached. How long can the producing public engaged in private activities continue to contribute from their production to so-called public activities and still prosper and progress. At the rate in which public demands for public funds have increased during the past ten years, the pertinent question is assuming form, of who will support the supporting public when the energies of the latter are unable to meet the requirements of a non-producing governmental machine, the demands of which exceed the producing powers of the private public not connected with that machine, except as feeders of its treasuries. With such a question framing itself in the minds of those whose energies in the past have been devoted to the building up of the varied industries of the commercial world. Those men who saw real opportunities for themselves co-related to the development of communities, towns, cities, states, and the whole country even, who took all risks of failure, with the possibility of final profit to themselves, and whose efforts during the past hundreds of years stand forth as monuments of success not only to themselves, but success

(Continued on page 8)



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JUNE, 1925. 50 Cents

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### BUSINESS PROSPERITY AS RELATED TO HIGH TAXES

(Continued from page 7)

reflected in the material wealth of the whole country in which we live. Many of these are devoting their present energies, not towards further development of commercial industries and private business, but towards the problems of protecting what they already have against the absorbing suction of constantly increased taxation, which in forms as varied and as numerous as the tentacles of the octopus, is constantly in the path which would otherwise be directed towards new enterprises, new developments, and consequently more community progress and prosperity. Their business property, tangible in form must respond to direct taxes. Their incomes must respond to income taxes. And when, with failing energies and looking to the end of the trail of life, thinking of their families and dependents and the future of these, the octopus still haunts their path, with many tentacles to attach to what remains through national and state inheritance taxes.

The development of the demands of

what has become public demands as links in the chains, and wheels in the complicated machinery of government, has carried with it a development of ways and means of producing public funds with which to keep that machinery going. It seems to be true to those who have familiarized themselves with the many angles, avenues, and modes, through which public funds are forced into public treasuries, that the "ways and means" committee and committees of public law making bodies, and of those bodies themselves, have been more successfully active and more successfully productive of results, than have been the "economists". More ways have constantly been devised through which to produce money for public purposes than have been even suggested to the end of decreasing the amounts required for expenditure of public purposes.

### United Efforts of the Public to Create More Productive Wealth in the States One Outlet Toward Tax Reduction

There are those who are still more or less vague in their ideas as to the real burden of public taxes, that is, those who are apparently unaware of the fact that the public, individually and collectively actually and in the course of the turn-over, directly and indirectly pay those taxes. The slogan "a big payroll" and a good business town, was an old-fashioned one. That slogan was directed to the pay-rolls of factories, manufacturing institutions, and other private business activities, whose employees were inhabitants of the town. That slogan still holds good. The development of any community will be hastened through the increased numbers of employees engaged in the successful private activities of the town in which those employees are severally or collectively employed. There seems however to be some misguided use of that same slogan, when an attempt is made to apply it to the use of public funds. During the course of the turn-over of such funds, the unappreciated and not generally understood, evolution attached to the turn-over, is that finally the public has simply taken the money — public funds — involved from one pocket and put a part of it into another pocket. The difference in amount being to each, the particular portion of

the tax directly paid, and the difference to the whole public is minus the whole amount, except such returns of benefit as may come from necessary government.

If a private enterprise bonds its assets, and therewith improves its plant or increases its business in a community when that money is expended, what goes to the pockets of others may stand there, a situation of marked contrast to the expending of money for public improvements derived from public bonds. Latter money circulates, or may do so in the community where the public improvement is made, yet that particular community, and the whole public, is in the long run simply turning over their own money, and paying interest to the bond-holders for the privilege. And eventually, the whole public must put their hands into their pocket and repay to the bond-holders the original principal amount of the money so put into circulation through public improvements. Again, the only benefit to the public lies in the answer to the question, was the public benefited to the extent of the cost. Or could the public afford the cost at the time the improvement was made.

If it is true, and leading financiers of the country are authority for the statement, that the enormous aggregate of issues of public bonds, tax free and tax-exempt bonds, has so attracted private capital from private investments, that stocks and bonds of really meritorious private activities "go-abegging" then to those who are interested in developing commercial centers in any state, even in Arizona, it may appear that constantly increasing high taxes, constantly increasing new forms of taxes, constantly increasing amounts of public bonded indebtedness is a form of financial disease which is afflicting the present day and age. A disease which can be successfully eradicated only through a return to more simplified forms of governments, stripped down to really necessary purposes of activities. True economy. Less public expenditure. Less taxes. More capital and more investors for investment in private industries, and greater real wealth upon which to cast the really necessary burden of governmental support.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

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# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TWELVE

PHOENIX, ARIZONA, JULY, 1925.

NUMBER SEVEN

## TRIM OUT THE "DEADWOOD" OF PUBLIC ACTIVITIES FOR MORE ECONOMY

The creation of a public activity may follow from an existing necessity therefor. It has come to be appreciated that through continued demands in the past, the administrative affairs of the United States has been divided among many bureaus, sub-departments, and other more or less independent agencies for the conduct of public affairs of government, all to such an extent, as to subject the present means of handling governmental business to the charge of being an unwieldy bureaucracy with many examples of domineering tendencies manifested by one department to others, with the result that the public who of necessity must deal with the government find itself confronted with such an intricate system of "red tape", complexity of so-called system, as in many cases to defeat required action to the end of real efficiency. There are also many instances of departments, branches of departments, and other minor agencies in governmental functioning, which have long since existed after any useful public necessity therefor has ceased.

The slogan has gone forth from Washington that the deadwood will be trimmed out of the machinery of government. The movement along that line has already started. This work connected with an enforced budget system has already reduced the annual aggregate of public expenditures of the Federal government, by hundreds of millions of dollars. A few public officials dominated with a real purpose of bringing about actual economy in the administration of the affairs of states, counties, cities and other divisions of government, would undoubtedly find a field for such economic action, where many dead and useless offices and departments could be trimmed out, and where instead of engrafting new agencies, into the scheme of resulting administration, honest trials along the lines of a more simplified, more direct, and in consequence a more efficient government than now exists, with an attendant reduction in costs thereof.

If a general policy of public economy were to be installed throughout our country. If our legislators, and public officials approached the question of reducing the aggregates of public expenditures with the same eyes of business judgment they would use in their private affairs. If the "deadwood" in the shape of existing offices, boards, departments, and bureaus, which have outlived their former usefulness were eliminated. If no new ones were created, except after a carefully weighed consideration of real public necessity therefor. If the public would go at the task of bringing about reduced expenditures of real public affairs, in a practical business manner, stripped of all sentiment arising from power of patronage to office, and other purely political factors now existing, then the present constantly increasing burdens of taxation, would begin to lessen, through actual economy in public affairs.



## EDITORIAL COMMENT

### The Burden of Mistakes in Public Financial Operations Finally Reaches to Direct Taxpayers

The public will carry on. When the law-making bodies of the state, and the cities, and the appropriating bodies of state, city, county, school districts, undertake a new activity, or deem it advisable to extend the scope of older activities, the public finally foots the bills. If an appropriation of seemingly proper size to carry out a public undertaking finally is found to be too small, it usually makes no difference whether its sufficiency is discovered before or after the activity is started. The public work proceeds, and public officials know from past experience, that the public usually comes through with enough more funds to finish what is undertaken.

There have been several illustrations in connection with proposed bond issues, where the initially estimated cost of a proposed public undertaking has been found wholly inadequate, and with a small bond issue first authorized, the public was forced to vote more and more bonds, to save their first investment. Someone makes a mistake in estimating costs. Someone else with an axe to grind, grasps an opportunity to get something started to be paid for with public funds, works upon appropriating boards and bodies, until an opening appropriation is made, and with that done, have virtually taken advantage of the well known propensity of the public to go through to the bitter end, regardless of final cost and regardless of real necessity for a public project once started. Such projects are rarely if ever abandoned by the public, even though to the practical minded among the real majority of the public, such an undertaking may be futile, fruitless of any results towards ultimate public welfare.

The one result in all cases is that the public finally pays for what as a public it undertakes, regardless of what should have been the controlling question to be fully and carefully worked out to a definite answer. That question of what will be the cost if it is undertaken. And the kindred question of, will the undertaking actually benefit the whole public, as distinct from benefiting some class of the public, those whose axes

were being ground when the project, whatever it may be was first promoted by them, and funded by some initial, "opening-wedge", so to speak, appropriation to start the project as a public activity.

It is very easy to speak in terms of small cost, when a starting appropriation is asked from the legislative bodies, to initiate some new public movement. Very suavely the fostering public behind such new public schemes can say, "it will only cost the taxpayers one cent, two cents, or three cents per hundred of valuation," and unfortunately, it is often the bait of such talk that wins an appropriation. The unfortunate part of the matter is, that public appropriating bodies are approached from so many angles, with so many different kinds of propositions, so many axes are presented to be ground, that after yielding to the persuasive importunities of the first bunch of the public with an axe to grind, the fact of so yielding becomes an additional argument in favor of each and every group of the public as to why their axe should be ground as well. It is not the additional one cent, two cent, or three cent per hundred of valuation which will be added to taxes on account of anyone of such promoted public projects, that adds the straws to the load of taxes to be paid by the public, which has brought about the present almost intolerable aggregate of taxes which must be carried that public government does carry on, but it is the continual adding of similar individual items which make that final burden what it is. One grain of sand does not make the desert, nor one drop of water does not make the ocean. It's the aggregate collection, which confronts the person who would go over the desert wastes, or cross the ocean, that is the realism of it all. The distinguishing feature between the illustration and the public tax problems lies in the fact, that nature created the deserts and oceans to be crossed in the march of human progress, while the public itself is day by day, and year by year, increasing the tax-loads to be carried by the individuals of that public in and on the line of that march.

If the burden has been made unnecessarily heavy, if the public has taken on too much, more than it can carry upon its course of progress, if its voluntary incumbrances in the shape of public ventures which have increased taxes are too heavy, the public, unlike the desert or ocean traveler, either can not, or will not, undertake to lessen its burdens, by either lightening its pack or heaving its unnecessary ballast overboard.

For the reason, if for no others, that public activities once undertaken, are continued and carried along, regardless the public should begin to carefully consider its load. Under present actual conditions as regards public finances in Arizona. With approximately \$4,000,000.00 of delinquent taxes, which through the scheme of affairs must be temporarily carried by that portion of the public which continues to pay it taxes. Public warrants must be paid and if there exists deficits in actual cash that payment means either interest upon tax-anticipation bonds or additional taxes levied, or both, all to be paid upon new tax rolls. If interest is not paid upon sales of state lands. If interest is not paid upon loan made by the state from funds heretofore realized from such sales. If unde legislation which now exists and pertains to a possible loss to the state land trust funds, occasioned through a mistaken policy of the state as to the character of security to be taken to secure those loans, or so occasioned through the use of "dummys" as applicants for state loans, or lost for any other reason, whether through mistake or what may have savored of fraud practiced by applicants for loans, the result is the same, as to that loss under legislative direction, if carried out as directed, that tax-payers will later be called upon to make up the amount of state land trust funds so lost. Direct taxes will be levied to raise a fund to reimburse those trust funds actually lost.

**Mistake of Voting Any Bonds Without Careful Estimate as to Ultimate Cost of a Project and of Any Real Urgent Need Therefor.**  
Whether the mistake be one arising

through public extravagance of expending officials, through actual indifference as to how much is used for any public purpose. Whether the mistake originates in under-estimating the final cost of any such public undertaking as may be promoted and started with original funds actually exhausted before a finish thereof. Whether the mistake arises through taking on as public ventures, public activities, or public engaging in business which should and is really private business and as such should be financed as private enterprises or with private funds at private risk of success or failure. Whether the mistake is made in not applying a real rule of economy and necessity to everything which the public undertakes to do; that rule which embodies real public benefits to be obtained as the measure of any necessity for the undertaking itself, and the measure of economy to the fullest extent possible, and consistent with an efficient doing of all that the public finally undertakes to do.

It makes no difference in results to the taxpayers, whether the mistake was one of judgment, an honest mistake as distinguished from a mistake resulting from carelessness or indifference, the taxpayers must finally pay for the mistakes made.

If it costs more to run any of the branches of the government, state, county, city, school districts, or other subdivision, than it should cost, then the taxpayers have the burden of paying the excess.

#### **Public Indifference to Proposed Expenditures Increases Tax Burdens.**

And speaking of mistakes. Now that the time is at hand when the cities and towns are preparing the estimates upon which to expend for public purposes for the fiscal year commencing in July. The time when the public may be heard as to what is proposed, and for what, being the second Monday in August. Public officials who wish to act for lessened expenditures. Taxpayers who

really feel that expenses of their city, town, school district, or county, should be lessened. The officials and the members of the public, are both making mistakes which will ultimately work against desired economy, when the one fails to act so as to propose minimum amounts for necessary, and only necessary public purposes, for such annual estimates, and the latter when they fail to be present and be heard as to items, amounts, old, new, and additional propositions for expenditures which may be found in those estimates as finally adopted.

The whole public too often make the mistake of expecting the other fellow is going to take care of required action towards public economy as pertains to public expenditures, and awaken to the fact, that is the point of this article, that fact is one that taxpayers all have to contribute to pay for mistakes, whether they assist in making them, or silently acquiesce in those made by others.

## ***Condition of State Loan Funds as Income Resources of State***

When Arizona was admitted to statehood, it became the donee of several millions of acres of land to be selected from the public lands of the state, in addition to a specific grant of four school sections of land out of every township in the state. These lands and all proceeds from sales thereof, are trust funds, with the trust requiring that all income therefrom, in the way of rentals received from lands not sold, all interest upon purchase price of lands sold so far as not paid at time of purchase, and all interest upon loans made from principal funds received from sales, were intended to be a continuing annual source of revenue to aid in the support and maintenance of the public schools, the university and normal schools, and other state institutions to which were allotted distinct numbers of acres of land. The requirements of the trust as created by Congress, and as relates to funds derived from sales of these lands, is that the State Treasurer shall keep all such moneys invested in safe, interest bearing securities, which securities shall be approved by the Governor and Secretary of State, and shall at all times be under a good and sufficient bond or bonds conditioned for the faithful performance of his duties in regard thereto. Apparently the framers of the constitution placed the matter of the handling of these trust funds under

the direct and exclusive control of the three highest officers of the executive department of the state. Possibly to prevent any legislative juggling therewith under any conditions whatever.

#### **Legislature Attempted Policy of Aiding Reclamation Through State Loans and Trust Funds Suffered.**

But commencing with the Land Code as adopted in 1915, and by amendments thereto, the legislature assumed to direct as to the character of security to be accepted by the state officers to secure loans of these funds. And therefrom came a practice which resulted in loss of the principal. Congress intended that the funds were to aid in building up the state common school system, the higher educational institutions, and other specially named institutions. To do this through the direct use of the incomes derived from the funds. The trust was specific upon that intention, the funds were to be used for and kept inviolably invested for that direct and specific purpose. The legislature when it directed that funds could be loaned in such manner that future improvements upon lands, could be treated as present values of the lands offered for security for state loans from these funds, may have had in mind a development of the state, through adding to the land wealth of the state, more acreage of irrigated lands. The question of state aid in fos-

tering and aiding the development of the state through establishing irrigation projects to include what were then and now desert lands, is purely a question of public policy, the legislature may be the sole judge as to the extent to which such a policy may be adopted in Arizona. The limit of its powers in that direction is one which involves the ultimate question of how far the people will respond in paying direct taxes to meet appropriations towards such a policy. The people of the state have several times refused to adopt constitutional amendments which, if adopted, would have permitted state loans, secured by state bonds, or irrigation district bonds guaranteed by the state, as a means of fostering such a policy for encouraging irrigation projects as a means of redeeming desert lands. The people of the state thus refused to permit any speculation, to the extent that the feature of speculation is connected with a success or failure of irrigation projects, by refusing to fund any such projects with state money or state credit. So far as the people of the state could act to protect funds which that people could control, it negated the whole policy. That same people had already spoken when it made its constitutional mandate that the funds derived from its trust fund lands should be invested in "safe, interest bearing securities." But all



# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JULY, 1925. 50 Cents

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this affords no present remedy in a situation which has arisen through what has proven to be a mistaken policy as to use of the funds.

### Use of "Dummy" Applicants for Loans Increased Speculative Nature of Loans Made.

The state has loaned the funds. The aggregate of these loans now outstanding and unpaid, was \$1,308,801.76, on the first of July, 1924. On that date there was \$237,180.65 past due for interest alone upon those loans. Included in that aggregate are items of \$75,000.00 of principal of loans made upon lands near Maricopa station in Pinal county, as to which such pumping plants as were once installed for irrigating portions thereof are practically abandoned and dismantled, and the lands securing the loans remain as they were when the loans were first made, desert lands. Also included in the aggregate are the loans, amounting to about \$670,000.00 made in connection with the Lyman Dam project. There is one similarity in connection with the making of these loans. The use of "dummy applicants" for loans, to meet the requirements of law, that not more than \$5,000.00 should be loaned to any one person, or corporation. These dummies were the tools of land speculators. Had the Maricopa loans been made to actual settlers and residents upon the lands, or had that same situation existed in connection with the Lyman Dam loans,

the helpful hand spirit of the people of Arizona could be more graciously extended in connection with what has resulted. But whatever the legislature might feel inclined to do, towards the relief of its overburdened land owners who are actual settlers under the Lyman Dam projects, it is precluded from doing in connection with the trust funds involved. Those trust funds have been lost, or so imperilled as to be in danger of almost total loss. The Arizona public will be called upon sooner or later to make good that loss, or violate its trust relations arising from the terms of the land grants involved. In the meantime the all important question is, that of first determining the exact amount of these funds which have been lost, and thereafter the public will be advised as to how much it has to raise for reimbursement.

The legislature has dealt with the subject in the last two sessions. Its attempt to remit interest on loans was declared unconstitutional. The Seventh Legislature dealt with the same matter in legislating as follows:

### Legislation Which if Valid Would Tend to Make Trust Fund Loans Unproductive of Present Income.

"Whenever it shall appear that the State holds individual farm mortgages, given by citizens residing within the State, on lands within and under a single irrigation project, the aggregate amount of which such mortgage is not less than one hundred thousand dollars, and there is default in the payment of principal or interest on the loans secured by said mortgages, or a violation of any of the terms and conditions of said mortgages; and it shall further appear that through the foreclosure of the said mortgages and sale of the property affected thereby, a sufficient sum to pay the said loans, together with accrued interest, water assessments and costs of suit, will not be realized; and it shall appear, in the judgment of the State Land Commissioner, that the reduction of the said loans, or their extension in modified terms, or both, will result in the repayment of the said loans in full, the State Treasurer is hereby authorized, with the consent and approval of the Governor and Secretary of State, to negotiate new notes and mortgages in lieu of the notes and mortgages already existing, but in no event shall said original notes and mortgages be released. Said new loans or extensions shall be on such terms and under such conditions as the State Treasurer, Governor and Secretary of State shall deem advisable; provided, that the time for payment of said loans shall not thereby be extended for a greater period than

twenty-five years, and the rate of interest shall be not less than two per cent per annum, but the State Treasurer is authorized to waive the interest on any such new loan for one period of not to exceed five years from the date of such renewal. Whenever any such new loan shall have been completely negotiated and its terms agreed upon the State Treasurer shall ascertain and determine the loss, if any, sustained by any of the trust funds out of which the moneys so loaned by the State were originally taken, and shall certify the same to the State Board of Equalization, and it shall be the duty of said Board to levy a direct tax sufficient in amount to reimburse the funds within a period of years for the losses so occasioned."

This provision of the new law has been passed up to the Attorney General's office and an opinion has been given that it is unconstitutional. First, for the reason that it applies only to cases where the state holds mortgages upon lands under the same irrigation project to the amount of more than one hundred thousand dollars, a provision which can only apply to the Lyman Dam loans, and to these mortgages it grants special privileges and immunities not shared by all persons who have borrowed money from the state and are in default. Second, because it makes it possible to renew the loans without interest for a period of five years, and either amounts to a gift or subsidy which is contrary to constitutional provisions applying to gifts by the state; and it would also violate the special provision which require the trust funds involved to be loaned upon interest bearing securities. If this opinion is well-founded and it probably is so, then the matter of these defaulting loans is still in the air for another two years, or until the legislature again convenes, unless the state treasurer exercises the implied powers of his office, and takes such means as can be taken to realize as much from the principal as possible.

Foreclosures are looked upon as hard measures to be taken in any case. But foreclosure seem the only solution for instances of state loans upon which interest, principal and taxes are long delinquent. Such foreclosures will certainly clear away the uncertainty as to how much the state has lost. Such foreclosures will eliminate all possible equities now hung onto by those who were mere land speculators, with no idea of ever utilizing the mortgaged lands for farming or ranching. The state will acquire state lands. These lands will again be on the market. The present owners, who are actual residents upon the lands, can be permitted

to re-purchase their present holdings. Speculators will be eliminated from the turn-over and re-sale of the lands. Even though the provision of the law as above set forth were to be acted upon, good faith would require that any new mortgages which might have been arranged to replace those now outstanding, would be for amounts equal to the present values of the lands. In dollars and cents the result would be the same to bona fide occupants and residents upon those lands. And with it all, there would be no concealed attempt to juggle with trust funds, nor depriving the

schools, universities and normal schools and other state institutions of the revenues from those land funds, as current funds available for the support and maintenance thereof according to the terms of the trust itself.

And with it all, the public of the state will have profited by its past experience, if at a time when its taxpayers are called upon to reimburse through the levy of direct taxes, a loss of several hundred thousands of dollars, that public comes to realize, the real meaning of the words: "safe interest bearing investments," as meaning just what the general business world has always un-

derstood to be, and what is the common and well understood meaning, safe and secure according to the value of what is offered for security at the times when trust funds are loaned, a meaning to be stripped of any element of uncertainty or speculation related to that security value. The taxpayers can of course dig up and make the funds good in amount, if the legislature so elects to require. If it learns its lesson through being so penalized once, it is to be hoped that the public and all future legislatures will so act, that such loss which has occurred will be a case of "once but never again."

## Limitations Upon The Taxpaying Powers of State, County and Cities in Arizona

In tax circles there is quite a bit of discussion upon the question prescribing limitations upon the taxing power, as a means of enforcing tax reduction. In some of the states there exists constitutional provisions restricting the aggregate of tax levies to certain not to be exceeded rates on the basis of taxable wealth appearing upon the assessment rolls of the state, county or city, levying a tax. Other states have tried laws limiting the amount of taxes to be raised according to a ratio per capita of population. Still other plans have been adopted, and all are again being discussed, in the light of fallacies which are found to exist in connection with tax limit laws already in force, and in connection with proposed new plans for laws to protect the tax payers.

The constitution of the state of Arizona contains no direct limit as to the amount of taxes which may be levied for state purposes; the legislature has provided some limits as to the amounts which may be levied for the purposes of towns and cities incorporated under general state laws; there still exist through being carried into the 1913 code, provisions pertaining to the amounts to be raised by counties for general funds, for highway funds, and other specified county funds, but these provisions appear to have become obsolete, since that same code made provisions for annual estimates of proposed expenditures of counties, cities and towns, with the ten per centum limits contained in those provisions. The limits of the estimate law, never applied to amounts to be raised for school purposes; a doubt at one time existed as to

whether amounts required for interest upon public bonds and for sinking funds to repay principal of such bonds, was within those provisions. The courts of the state, almost at the same time with an amendment made by the legislature removed that doubt, and now the limitations are known to be confined to expenditures for general fund purposes of cities, towns, and counties, and to county road funds.

So it is in Arizona, that the only limitation upon the power to tax which is found in the constitution is in substance, that taxes shall be levied only pursuant to laws which state the object and purpose of the tax, and tax money shall not be applied to any other than the objects or purposes so stated as the purpose of the tax.

For the purpose of meeting the above constitutional requirements, the first legislature enacted paragraph 4839 of 1913 Civil Code, commonly referred to as the "Estimate Law" or "Ten per centum limit law," which with the amendments made in 1921, is still in force. The requirements of the estimates provided for in that law as amended has been often referred to in this magazine. The question of what would be the effect of failure to publish and adopt estimates according to requirements of the law, has never been directly decided in Arizona. Readers may be interested in an extract from a recent decision of the supreme court of Idaho, rendered in connection with a somewhat similar provision as to required estimates in the laws of that state, as follows:

"The Legislature must have had some

purpose in view in requiring an estimate of the expenses to be published for four weeks. Obviously it was to enable the inhabitants and taxpayers of the municipality to become informed as to the purposes for which and the amounts which it was proposed should be levied against their property by the process of taxation. The appropriation bill was intended to limit the expenditures for the fiscal year, except in certain cases of casualty or accident. See C. S. Par. 4056. If the power to levy taxes under C. S. Par. 3940 is unrestricted, save by the minimum limit therein provided, and an appropriation bill can be passed after the levy, it is quite conceivable that the larger part or even all of the revenue raised for general purposes might be devoted to some improvement or the construction of some public work not made known to the taxpayers, and contrary to their wishes. We think it is equally true, in view of the legislation outlined above, that it was not intended that the trustees of a village should have the power to levy a substantial amount in excess of that called for by the appropriation bill, since it would permit extravagant expenditures for objects not contemplated by the taxpaying public, and without their knowledge or assent. If the acts of our legislature were not designed to prevent the accomplishment of such results, it is difficult to imagine what purpose was to be subserved by the publication of the estimate of expenses and the passage of the annual appropriation bill. In this case, therefore, the levy of the tax by the village authorities was not a mere irregularity, but was in excess of their powers."



## Some Statistics As To The Common And High Schools of Arizona

The tables of figures which appear in connection with this article, and all other figures which are presented in the article itself are taken from the Seventh Biennial Report of the State Superintendent of Public Instruction. The tables show in tabulated form a general statement of the receipts for the elementary schools which include grades one to eight, and of the high schools of the state, for each of the years 1922-1923, and 1923-1924, also as to each of said years the sources from which the revenues of those years were derived.

From the standpoint of direct taxes, the state school tax for the fiscal year 1922-1923, called for \$1,253,525.00 on a basis of \$25.00 for a daily average attendance of 50,141 in the schools. Also called for \$1,795,933.33 of county school taxes. These amounts for common schools. In addition thereto there were school district levies to an aggregate of \$727,025.33 for common schools, with a levy of \$1,075,768.50 for high schools. These amounts do not include levies to the amount of \$543,559.34 for interest upon school bonds, nor the sum of \$401,831.63 of taxes levied for redemption funds of same class of bonds. During this same year a special levy was made of \$92,660.00 for vocational education, and the Federal Government contributed \$26,700.09 to that same head of education. Other sources of revenue consisted of \$237,002.89 from rentals and interest of state school lands; \$33,962.78 from school sections in the forest reserves; poll taxes to the amount of \$112,939.31; licenses and fines, \$47,525.76. In addition to above there was an amount of \$250,000.00 which was mentioned as transferred from permanent school fund, this was a transfer to reimburse an amount which in prior years had been taken from incomes of school lands and loaned out by the state. There was also an amount \$34,774.38, received as the state share of sales from timber in forest reserves.

Altogether the common and high schools of the state, received \$6,679,145.80 for maintenance and bond charges during the above mentioned year. The various districts of the state borrowed \$621,724.77 through sales of school bonds, and received into building funds, a total of \$18,550.03 classed as salvage from buildings, etc.

For the fiscal year, 1923-1924, the state school tax amounted to \$1,325,425.00; the sum of \$81,100.00 levied for vocational education. The aggregate of county school tax was \$2,152,939.64; the special district levies for elementary schools amounted to \$912,450.73, for maintenance purposes; a total levy of \$1,076,003.65 for maintenance of high schools. A sum of \$110,410.67 levied for manual training, domestic science and kindergarten purposes. A total of \$567,234.18 was levied for interest upon school bonds, and \$532,477.78 levied for redemption of school bonds.

Other revenues to state and county school funds for the year 1923-1924, were rentals and interest from state school lands, \$229,649.24, income from school section lands in forest reserves \$48,749.81, transferred from permanent school fund, \$228,051.48; poll taxes amounting to \$142,220.75; licenses and fines, \$205,157.15; income from forest reserves other than school sections \$52,913.99, miscellaneous items to amount of \$34,837.98. The total current receipts for the year amounted to \$7,649,237.60. District bonds were used to amount of \$759,523.93, and building funds increased by salvage from buildings to amount of \$49,823.51.

From the figures of the report it appears that an amount, \$6,679,145.80 was available for the support and maintenance of the common school system of the state, including high schools, for the fiscal year 1922-1923, and that \$7,649,237.60 was available for those purposes of the fiscal year, 1923-1924. An increase of nearly one million dollars. The state tax levy at the rate of \$25.00 per pupil in daily average attendance, was levied the first fiscal year, above, on an attendance of 50,141; and for the second fiscal year named above, that levy was made on the basis of 53,017 daily average attendance.

The report shows that the entire educational staff of the common and high schools of the state, numbers 2239, including superintendents, principals, secretaries, supervisors, supervising principals, teachers and school nurses. That the average salaries paid superintendents for the year 1923-1924, was \$4,125.00. That an average of \$3,900.00 per year was paid to twenty-nine men acting as principals in schools, and one woman employed in that capacity at a

salary of \$3,000.00 per year. Twelve supervisors of the schools are men, whose average annual salary was \$2,245.00, forty-one women drew an average annual salary of \$1,860.00 in like capacity. Supervising principals comprise thirty-six men with an average salary of \$2,215.00, and fifty-nine women with an average salary of \$1,945.00. One hundred and sixty-nine positions were filled by male teachers, whose average salary was \$1,480.00, while one thousand seven hundred and sixty-five women teachers drew an average salary of \$1,320.00 per year. Twenty-one school nurses were employed in the schools, at an average annual salary of \$1,525.00 each.

The counties expended a total of \$107,042.34 in maintaining the office of county superintendents. There is a wide divergence as between the various counties as to the expenses connected with this particular office. The smallest expense is found in Apache county, where \$2,795.02 covered all salaries and expenses connected with the county school superintendent's office, Cochise county expended \$20,078.61 to cover the expenses of that office, while Maricopa county expended \$17,075.83. The figures given are for the fiscal year, 1923-1924.

The Superintendent's report shows for the fiscal year 1923-1924, a total enrollment in the elementary schools of 62,816, and 9,022 enrolled in the high schools. Night schools had a total enrollment of 1,911, and kindergarten schools a total enrollment of 2,143.

Going through the report as to per capita costs of grade schools for year 1923-1924, it shows that Apache county with a daily average attendance of 1,200 conducted its schools at a per capita cost per year of \$61.53 per pupil. Cochise county showing a daily average attendance of 6,782 in the grade schools, had a per capita cost of \$94.93. Coconino county with an average attendance of 1,161 pupils shows an average per capita cost of \$125.64. Gila county with an average daily attendance of 475 pupils conducted its grade schools at a cost of \$124.33 per average pupil per year. Graham county with an average daily attendance in grade schools of 2,069 pupils, expended the average of \$69.50 per pupil for the fiscal year, 1923-1924. Greenlee coun-

y with schools which were attended by a daily average of 1,529 pupils, had an average annual per capita cost for supporting grade schools of \$101.02. Maricopa county with the highest daily average attendance, represented by 13,438 pupils, maintained its grade schools at an average cost of \$80.17 per pupil for the year. Mohave county with 762 pupils in daily average attendance expended \$92.95 average per pupil for the school year. Navajo county had 1,812 pupils in daily average attendance in grade schools, maintained at an annual average cost per pupil of \$86.08. Pima county shows that an average daily attendance of 5,240 in the grade schools, cost on the average per pupil for the year \$80.74. Pinal county with 2,045 pupils in daily average attendance, expended the average of \$93.96 per pupil for the year. Santa Cruz county had an average attendance of 1,391 daily in its schools, which were maintained at a per capita cost of \$91.16 per pupil for the year. Yavapai county with schools in which the daily average attendance was 3,388, expended on an average of \$132.11 per pupil for the year. Yuma county with 1,875 pupils in daily average attendance, maintained its schools at an average per capita cost of \$74.10 for the year.

On page 200 of the report there appears some comparative figures covering fiscal years from 1910-1911 to 1923-1924, confined to aggregate amounts expended for common schools, the daily average attendance during those years, including as to latter the attendance in high schools as well as the grade, or common schools. Therefrom it appears that \$943,461.40 was expended in the first year, as against \$6,882,320.99 there given as the expenditures for the last year. In the first year, 20,689 pupils were in daily average attendance in the grade schools and 1,087 in high schools, these numbers have increased to 46,229 in grade and 8,412 in high schools for the latest year.

It is to be regretted that a perusal of the whole report, with a view of accurate comparison of items of cost, discloses the fact that all counties do not use the same system of distribution and segregation of classes of expenditures. In fact, the report on page 79 is quoted:

**"Above figures are also shown in report of general fund receipts and balances. So many of the counties do not show proper segregation of these funds, that the above cannot be taken as a correct report of receipts of special funds."**

Thus explaining a reason why a complete table cannot be given, county by county, covering the exact receipts, expenditures and balances, in special school funds, evidently and as explained above, for the reason that no accurate accounting is kept as a basis for such a complete statement. **When it is considered that elementary education in Arizona is the source of the highest single reason for high taxes in Arizona, when taxpayers are paying the annual costs, and responding at all times in increased bond issues, when suggested as necessary to educational purposes, it is unfortunate that uniform systems of accounting and accounts, cannot be put into use.** Unfortunate when attempts to compile real financial statistics of school matters, the lack of such a system in actual use, should require any resort to apologies. No private business the many agencies of which are entrusted with expenditures and handling of money, would long exist in the absence of uniform and accurate accounting of each agency as to the disposition of the portion of those funds entrusted to it. Accounts would be so kept that the annual balance sheet would be a real one, without any question. There exists no reason for any difference between a private business and public business agencies when the annual amounts involved run between seven and eight millions of dollars.

The report shows that for the year 1923-1924, there was made available for common school purposes an aggregate of \$7,649,237.60. An amount which does not include building nor bond funds. This amount if apportioned on the basis of total pupils in daily average attendance in the schools, shown by the report to be 53,017 pupils, would allot at the rate of an average of \$144.27 per pupil, per year for the whole state. Going to the tables which show specific average costs in particular schools and particular school districts, including both common and high school districts, the actual averages run

above and below this \$144.27 per pupil. The averages for the different counties as a whole are given above, as taken from the report. The table of averages of per capita cost of high schools, which cannot be published at this time for lack of space, does show figures of per capita costs per pupils in daily average attendance in high schools, of different high schools ranging from \$98.10 to \$487.22. There are schools shown, where the daily average attendance therein is approximately the same, and the average cost per capita of daily attendance in the one is more than twice that of the other. In fact after going through the whole list of schools, the statement is warranted that the element of "daily average" attendance is of little importance in comparisons of actual costs of maintaining different schools.

This magazine has repeatedly urged that with over **five hundred and twenty-five independent boards each in control of individual school district funds**, each such board clothed with power to expend not only the amounts allotted to their districts from state and county school funds, but to cause special district levies to be made, is a factor connected with the school system of this state, which not only tends against educational results, brings about lack of uniformity therein, as well as **largesses** in amounts of funds actually expended. The question of actual results from the standpoint of effective teaching in schools cannot be determined with an exactness suitable for comparisons as between the many schools of the state. In theory however uniformity of methods should produce almost similar results. At present the public have neither uniformity of methods nor anything like uniformity in costs of the whole system. The state and several counties contribute the bulk of that cost, with no continuing supervision nor control as to what becomes of the funds after a distribution thereof to the many districts in each county. **It is high time that Arizona takes serious views of the more centralized units of control as have been and are being adopted in other states, and so adopted to insure substantially uniform results at substantially the same average per capita cost.**



**ANALYSIS OF SOURCE OF REVENUE OF PUBLIC SCHOOL FUND, Arizona, 1922-'23.**

STATE SCHOOL FUND .....			\$1,869,037.10
State School Tax for Apportionment to Counties (\$25x50,141) .....	\$1,253,525.00)		Or 27.99%
State School Tax for Vocational Education .....	*92,660.00)	72.02%	
Rentals and Interest, State School Lands .....	237,002.89	12.68%	
Income from School Sections in National Forests .....	33,962.78	1.82%	
Transferred from Permanent School Fund .....	250,000.00	13.38%	
Ferry Tolls .....	601.21)		
Miscellaneous .....	1,285.25)	.10%	
COUNTY SCHOOL FUND .....			1,956,398.40
County School Tax .....	1,795,933.33	91.80%	Or 29.29%
School Poll Tax .....	112,939.31	5.78%	
Licenses, Fines, etc. ....	47,525.75	2.42%	
Forest Reserve Fund (Half of 25% of income of National Forests outside of School Sections) .....	34,774.38x		
DISTRICT SCHOOL FUND .....			2,830,176.52
Levy for Maintenance of Elementary Schools .....	727,025.33	25.69%	Or 42.37%
Levy for Maintenance of High Schools .....	1,075,768.50	38.02%	
Levy for Manual Training .....	81,991.72	2.89%	
Levy for Bond Interest .....	543,559.34	19.21%	
Levy for Bond Redemption .....	401,831.63	14.19%	
MISCELLANEOUS .....			23,533.78
			Or .35%
Total Current Receipts .....			6,679,145.80
In addition, Districts borrowed by sale of bonds .....			621,724.77
And building fund was increased by Salvage of Buildings, etc. ....			18,550.03

\*Does not include Federal Funds in amount of \$26,700.09 received through Vocational Department. There was also \$2,500.00 appropriated by State Tax to the Vocational Department for Vocational Rehabilitation, and Federal aid for this item in amount of \$1,792.40 was received, but as this benefit is extended to adults and not through the medium of the schools we are not considering it in school receipts.

xThis amount is not shown separately for the various counties, but is included by some in State Revenues, by some in County and by others in "Miscellaneous." This is strictly County Revenue as it accrues only to the counties in which the forests are located. The old report forms were not arranged to show this source of revenue correctly.

**ANALYSIS OF SOURCE OF REVENUE OF PUBLIC SCHOOL FUND, Arizona 1923-'24.**

STATE SCHOOL FUND .....			\$1,915,505.07
State School Tax for Apportionment to Counties (25x53,017) .....	\$1,325,425.00)		Or 25.03%
State School Tax for Vocational Education .....	*81,100.00)	73.43%	
Rentals and Interest, State School Lands .....	229,649.24	11.99%	
Income from School Sections in National Forests .....	48,749.81	2.54%	
Transferred from Permanent School Fund .....	228,051.48	11.91%	
Ferry Tolls .....	1,301.59)		
Miscellaneous .....	1,227.95)	.13%	
COUNTY SCHOOL FUND .....			2,500,317.54
County School Tax .....	2,152,939.64	86.11%	Or 32.69%
School Poll Tax .....	142,220.75	5.68%	
Licenses, Fines, etc. ....	205,157.15	8.21%	
Forest Reserve Fund (Half of 25% of income of National Forests outside of School Sections) .....	(52,913.99)x		
DISTRICT SCHOOL FUND .....			3,198,577.01
Levy for Maintenance of Elementary Schools .....	912,450.73	28.52%	Or 41.82%
Levy for Maintenance of High Schools .....	1,076,003.65	33.66%	
Levy for Manual Training, Domestic Science, Kindergarten .....	110,410.67	3.45%	
Levy for Bond Interest .....	567,234.18	17.73%	
Levy for Bond Redemption .....	532,477.78	16.64%	
MISCELLANEOUS .....			34,837.98
			Or .46%

Total Current Receipts .....			\$7,649,237.60
In addition, Districts borrowed by Sale of Bonds .....			759,523.93
And building Fund was increased by Salvage of Buildings, etc. ....			49,823.51
*Federal aid for Vocational Education .....	28,715.32		
Federal aid for Vocational Rehabilitation .....	1,733.11		
Not included in above .....	\$30,448.43		

\*\$10,000 included in the amount raised by State Tax for Vocational Education is for Rehabilitation of adults and is not a school revenue.  
xMerely as a memo. Amounts included under other headings.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TWELVE

PHOENIX, ARIZONA, AUGUST, 1925.

NUMBER EIGHT

## A SHIP WITHOUT A RUDDER SOON STRIKES THE REEFS

No sailor will knowingly trust himself upon a ship without a rudder, nor undertake a cruise without charts and compass. Yet it seems that some of the governing boards of counties and cities, feel perfectly safe in attempting a financial cruise for their cities and counties, with neither rudder, chart, or compass. They overlook the fact that the county budget law was intended by the legislature as a means of steering clear from financial rocks, as surely as the mariner's compass, charts, and the ships rudder are intended to safeguard against hidden reefs and destroying rocks. With millions of dollars of delinquent taxes. With public demands for an enlargement of school curriculums, so as to include games, amusements, athletic sports of all kinds, with the attendant increased expense of so doing. With public demands for more laws regulating and controlling the ordinary daily affairs of men in their man to man relations with other men, with new regulatory boards, officers, and commissions to enforce such regulations. With some indifference among officers as to how public bills are to be paid, or as to collections of tax and other funds provided for the means of such payment. In fact with the ship of state laden to the gunwales with a load of public activities to be carried and financed, with many "deck-loads" of similar cargoes. Some profitable and some negligible or entirely unprofitable in connection with public progress. With all this as a known fact in connection with the load of public tax burdens to be carried by the taxpaying public, it behooves those in charge of the course of the public ship, to look well to the points of the compass, closely study the charts, and test the ships rudder. By ignoring the course as prescribed by proper "budgets" discarding the "compass" as the means of close sailing within the financial ability of the public to be served. By not using the rudder when off the course, and through not dropping anchor and stopping to get bearings, when the course is doubtful. In short, and without illustration, public officials who fail to observe and enforce those safeguards by law provided, against over-expenditures, against intermingling of public funds, and against debt creating deficits, are pretty sure, sooner or later, to bring the financial affairs in their charge upon the financial rocks of public disaster.

The cruise of a new fiscal year in the public career is just starting. Let public officials fight shy of reefs and rocks, as represented by deficits, registered and unpaid warrants, through adhering closely to the safeguards of the "budget" law, as closely as the mariner would adhere to those instruments by him required for safe sailing and successful return to the home port.



## EDITORIAL COMMENT

### "Law Enforcement"<sup>59</sup> Suggested in Connection With Records of Public Expenditures

We read a great deal nowadays about "law enforcement." In fact that subject is made the theme of many editorials, lectures, writings, and has become the base for organization of many associations. In the line of the particular endeavor of all these, the cry is that the law must be enforced. In that generality of statement this Magazine heartily concurs. The law should be enforced. All the laws, not some special law. This Magazine has been in the field for years advocating the "law enforcement" so far as that heading relates to the use of public funds, and the enforcement of such safeguards as exist in the law, intended for the benefit of the public as taxpayers. The sinews of war lie in the wealth of the warring nations. The ability of the public to enforce its laws directed to peace time activities, lies in its ability to acquire funds for that purpose. Funds actually available for use for the public purposes of government, is a condition precedent to the success of those purposes, as much so in time of peace as in times of war.

In the laws of Arizona there exist many provisions, providing for raising of certain amounts, for each of the several purposes of state, county, city and town governments. Those laws are intended to be so applied that funds for one purpose shall not be diverted for use in other purposes. So far as the legislature has provided for the segregation of funds, for setting aside each year an amount to be available for each of the several purposes of the state budget, or those purposes stated in the annual estimates for counties, cities and school districts, and providing for taxes to raise such funds, so far as "other sources" of revenues will not provide them, the legislature simply follows out the constitutional provisions.

#### Constitutional Provisions as to Use of Tax Raised Money for Specific Purposes Only.

The constitutional provisions are:

"The legislature shall provide by law for an annual tax sufficient with other sources of revenue, to defray the necessary ordinary expenses of the state for each fiscal year."

"The revenues for the maintenance of the respective state institutions shall be derived from the investment of the proceeds of sale, and from the rentals of such lands as have been set aside by the Enabling Act, for the use and benefit of the respective State educational institutions. In addition to such income the legislature shall make such appropriations, to be met by taxation, as shall insure the proper maintenance of all State educational institutions, and shall make such special appropriations as shall provide for their development and improvement."

"No tax shall be levied except in pursuance of law, and every law imposing a tax shall state distinctly the object of the tax, to which object only it shall be applied."

Thus it appears that certain other sources of revenues are expressly appropriated to the specific uses and purposes of the Acts of Congress creating them. That tax raised funds for every purpose, are required to be used only for the specific objects stated as being that for which the tax is authorized.

#### Code Provision as to Use of Funds Raised for Specific Purposes.

In the title of the state code relating to public funds, the legislature has provided, that:

"All taxes collected upon real and personal property of the several counties, and all public moneys arising from any other source, the balances of all funds mentioned in the preceding sections of this title, and not therein specially appropriated and applied, and all other public moneys accruing under the provisions of law, and not so applied, shall be paid into the treasury of the proper county, for such county purposes as shall be provided by law, and the county treasurer shall apportion and apply the same to the several special and general funds as provided by law."

The legislature has provided a manner in which after requiring a bond or other specially designated security therefor, state and county funds may be deposited in the banks of the state, by the state treasurer and the respective county treasurers. Provides for the

payment of interest by such depository banks upon those funds, at rates ranging from two per cent upon daily balances of "active funds," three per cent on moneys on deposit over two months and less than six months; and deposits of over six months, four per cent. Under this arrangement all amounts annually levied for the purposes of redeeming public bonds, bonds of the state, the counties, its school and other districts, can and should be put into the "inactive deposits" and earn four per cent per annum interest for the benefit of taxpayers.

Reading all of the foregoing provisions, it is plain that the legislature never intended that all classes of funds, derived from taxes and other sources of revenue, each levied and collected for a specific and distinct purpose, in amounts specially designated for each such purpose could be intermingled into one fund for indiscriminate use for any and all purposes. If any doubt exists about what was intended, then after reading the provisions above quoted, read the other statutory provisions upon the same subject, as follows:

"Every deposit by the state treasurer or county treasurer under the provisions of this title shall be carried upon the books of the depository in such manner as the said treasurer shall direct and every depository shall keep its account with the treasurer."

"The county treasurer shall . . . (3) So keep his books that the amount received and paid out on account of separate funds or specific appropriations are exhibited in separate and distinct accounts, and the whole receipts and expenditures shown in one general or cash account."

If it is not clear as to what is meant by the words "separate funds" or by the words: "specific appropriations," the readers are directed to the provisions of the present "Annual Estimate" law, as appears in Chapter 52 of Session Laws of 1921. A law which provides that the amount intended for every separate item of proposed expenditures of counties, cities and towns, shall be distinctly stated and connected with

each proposed purpose, and which finally also provides, that:

"No expenditure shall be made for a purpose not included in such budget, and no debt, obligation, or liability shall be incurred or created in any year in excess of the amounts specified therein as an amount proposed and finally adopted for each purpose therein named."

Thus each county purpose is provided with its own specific amount of fund. That amount and no other amounts may be used for such distinctly stated individual purpose of each annual budget. The annual estimate law containing such provisions is the last expression upon the subject of appropriations for county, city, and town purposes. Whatever provisions may appear to exist in laws relating to the use of county funds, which have been brought forward into the State Code from the Laws of 1901, territorial laws, so brought forward because not specifically repealed, are in fact repealed because the estimate law enacted in 1921, expressly repeals "All acts and parts of acts, inconsistent with the provisions of this act." and because any prior law which directly or impliedly permitted a mingling of all general funds into a special expense fund. Or any practice which permitted the intermingling of all cash funds into one deposit, are inconsistent with the provisions of the estimate and wholly inconsistent with its objects and purposes.

Do the respective county officers enforce the above provisions in favor of the taxpaying public? In practice, all too often the limited amounts available for any county purpose are ignored in the matter of actual use and actual payment from county funds.

#### **County Books Must be Kept so as to Account for Use of Funds as Specified in "Budget."**

The books of the treasurer may not be kept so as to show the actual state of funds, actual withdrawals for a county purpose, as against the actual amount made available therefor in the annual county budgets. Clerks of the board of supervisors pay no attention to actual collections of county cash, whether from tax collections or other sources. The board of supervisors have no means of knowing, either as to when particular annual appropriation is

exhausted, or when the actual cash of the county available for such purpose is gone. Warrants are currently drawn for so-called "expense fund" purposes, which in practice in some counties has come to include every county purpose whatsoever, except road and school purposes. In practice in some counties, these warrants are paid by county treasurers, to the extent of any funds, cash funds, on deposit to the credit of the county. Inroads are made upon redemption funds, with nothing in the shape of assets of cash to be collected, set aside to replete such diversions.

The causes of it all. First a failure upon the part of county boards of supervisors to require, as, under their general powers of supervision of other county officers they have power to require, the keeping of such books, with items of appropriations, appearing as against expenditures therefrom. Such books with such ledger accounts kept therein as would provide a continued means of referring thereto, for the purpose of ascertaining whether the provisions of the county estimate law, really the county budget and appropriation law, were being carried out and enforced. Requiring that the books be so kept, and itemized, that a true balance sheet as to the financial affairs of the county could be taken therefrom at any time.

A failure on the part of county officers to enforce the laws which relate to the collection of delinquent taxes.

A possible laxity and official indifference on the part of all the officers as to how the county funds actually stand, just so long as some funds are available with which to pay all classes of warrants drawn. Regardless of the source of the money so used, and regardless of the distinct purpose for which it was raised upon the tax rolls.

#### **The Result of a Failure to Give Effect to Provisions as to Use of Funds and Keeping Accounts to Correspond With Budgets.**

This article may appear as severe when read by some of our readers who may not be informed as to the seriousness of the failures at "law enforcement" above referred to and perhaps indirectly criticised as being such a failure. The taxpayers of at least one county will certainly be in accord with the suggestion of the Magazine that a more strict observance and enforcement

of all laws pertaining to the protection and use of public funds be insisted upon. One county in the state finds that its local banks are refusing to handle county warrants. Finds a situation where through a period of three or four years the county warrants drawn and registered amount to between one hundred and twenty and one hundred and twenty-five thousand dollars in excess of county cash deposited to pay warrants. Finds a situation that disclosed that "Bond Redemption Funds" have been diverted and used for general county purposes, to the extent of nearly \$35,000.00. Finds a situation where a bond issue seems imperative to provide money with which to re-establish county credit, and pay current county expenses and salaries. The taxpayers of that county are surprised. They are dumbfounded. Nothing which had been presented in the proposed estimates of the past years, appeared in those estimates, which would give an advance warning of the impending results. There was in fact no such budgets prepared as to be a **"full and complete statement of the financial affairs of the previous year,"** or of any year at all. The provisions of the "budget" law requiring estimates to show fully as to the real financial condition was not enforced nor observed.

If you start your car, throw it into high, step on the gas, and "let her run." you will soon encounter disaster or a speed officer. You will be immediately confronted with the enforcement of natural laws applied to recklessness, or legislative laws as to speeding and reckless driving. The various provisions of law taken from the statutes of this state are no more or less than brakes and emergency brakes, to be applied at all times to county funds. Their use for the purpose will tend to prevent disastrous financial results. Unless so used, such results will inevitably follow. If the burden of those results were to fall upon those who failed to observe and enforce those provisions, the situation would not be so bad. But as most often the case, the innocent bystander gets hit and hurt. In all cases like the one mentioned in this article, and of others not particularly mentioned but which nevertheless exist, the taxpayer becomes the innocent bystander. He pays for lack of law enforcement.



## *The Relation of Taxes to Private Business, Occupations and Enterprises*

There may be theorists who still maintain that the burden of public taxes does not directly or indirectly finally fall upon the entire public. Who dispute the proposition that the public pays the cost of governmental support. These theorists attempt to support their contentions by illustrations carefully selected from the masses of classes, business, occupations and enterprises which compose the entirety of the aggregate of private activities, and if from such illustrations, they are able to point out some specific instance in which the class of taxpayers who first pay the direct tax are so related to the general scheme of business affairs, that it is not easy to pick a flaw with the statement, that as to such class when they pay, no reimbursement to them follows, and therefrom stick to the fallacy of argument that the public do not finally pay. These theorists thus attempt to establish the rule through exceptions, ignoring the old saying that there may be exceptions to all rules, with the rule remaining in general as unimpaired by argument of the exceptions thereto.

### **Taxes Reduce Incomes From and Profits of Private Business Enterprises.**

For instance, there may be certain products as to which the producer has no power to finally fix the prices obtained therefor. On the other hand there may be articles protected by patents, as to which with a demand for such articles present, the producer can fix the price. The public must pay or go without. In the first case above, where the market price is beyond the control of the producer to establish, the economic rule will finally attach itself, that rule which will prevent further production except that it can be marketed at a profit to the producer. If the rancher cannot grow wheat, and after paying the expenses of fitting the soil for a crop, seeding, reaping, threshing and getting to market, cannot obtain a reimbursement of those expenses in the price obtained, and cannot in addition thereto obtain some measure of profit for the amount of investment in the land itself upon which the crop is raised, then sooner or later there will be less wheat raised. If there were no current annual taxes to be paid upon the land, upon its buildings and improvements, and upon the tools and machinery used

for cropping; if there were no public bond issues requiring annual taxes upon that land for bond interest and payment of principal of bonds; if there were no special district tax levies upon that same property, then the question of profit to the farmer from his investment therein, would be a simple one of some rate of interest upon the money invested. If the "if" of many questions of profits could be eliminated, the figuring of those profits would be one of simple mathematics. But the "if" exists to the same extent that the taxes are there to be paid, and unless the returns to the rancher from what is produced are large enough to cover the "if" of the amount of taxes, added to the other expenses and costs of producing and marketing a crop, and leave a margin of profit, then sooner or later that farmer must turn attention to some other crop, or ultimately quit.

It makes no difference in the final equation of affairs connected with and connecting private business activities with public taxes, what particular line of business is taken into consideration for the purpose of determining the ultimate effect which is possible from over-taxation directed to that business. If it be a manufacturing establishment, then its owners are looking for a fair measure of profits consistent with the investment made and the business risks undertaken and assumed. If it be the merchant, the desire for profit is the same. If it be the wage-earner whose measure of income is the salary or wage paid him, then whether the portion of those wages deducted through income taxes, through poll taxes, or through direct taxes upon the home, its furnishings, and automobile, the greater the taxes the less remains for the remainder of the household budget to be met from the earnings. If all property is in the ordinary assessed at its real cash value for direct tax purposes, then at the outset, every person contributes to the governmental expenses and expenditures according to his or her property wealth. If a portion of the wealth of the country is invested in interest bearing, tax exempt public bonds, then the share of taxes which would otherwise be assessed against the owners of those bonds, is left to be apportioned upon the taxable wealth of the state, county, city or taxing districts, and actual inequality

then arises. The taxable property bearing in the first instance, its share of the aggregate of public expenditures, as well as the share which would otherwise be paid upon public bonds, if the latter were not exempted. If there are a considerable number of individuals in any community, and there are, whose names do not appear upon the tax rolls, the question for ultimate determination is, does this class finally contribute to the payment of taxes, directly or indirectly. Direct taxes and income taxes may be so levied, as to have no direct relation to the per capita numbers interested in a particular taxing district. But do any of that number escape taxation through the reflex action of direct taxation as an expense upon the private activities of individuals connected with the use of property actually and in the first instance taxed? The better opinion is, that none entirely escape some indirect burden of public expenditures which result in some form of taxation as a means of raising public money for the purpose of meeting public expenditures.

In the first place taxes must be paid into the public treasuries in money. Private activities must one way or another earn that money. Unless private individuals undertake to retrench in the matter of private expenditures, in proportion to whether their taxes are high or low. Unless privately invested capital, so invested in any commercial activity whatever, finds the owner of that capital demurely satisfied and continuously content with lessened and lessened net profit returns from their various investments, regardless of more and more drains through public taxes taken from the gross earnings of the enterprises which represent those investments. Unless the whole public eventually become resigned to a continued and continuously repeated annual struggle to make the required payment into public treasuries, regardless of how much of the earnings of each remain for the private benefit of each individual, then taxes treated as an expense of business, will be an expense, which each individual will attempt in some manner, by hook or crook, to cause to be repaid from such of the remaining public, which in individual dealings of trade and commercial transactions, become, the one consumers of what the

(Continued on page Five)

# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription AUGUST, 1925. 50 Cents

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Continued from page Four)  
other produces. An individual effort to  
so control the gross returns as to reim-  
burse through those returns, taxes as  
well as all other expenses of production.

## The Stability of Value of Taxable Wealth Depends Upon the Stabil- ity of Continued and Profit- able Private Business.

The commercial wealth of this coun-  
try is built upon the profitable success  
and progress of the infinite variety and  
numbers of private activities and occu-  
pations therein existing. Eliminate the  
possibility of profit, and an activity be-  
comes eliminated. Increase tax bur-  
dens to an extent where any activity can-  
not continue to exist and pay, without  
ultimate reimbursement the amounts  
represented in taxes paid by that activ-  
ity, and again an activity is eliminated.  
With the elimination of any one activ-  
ity, or class of honest trade in business,  
from the whole, and the opportunities  
for individual success are likewise re-  
duced. Such an elimination will reflect  
itself both directly and indirectly upon  
the remaining taxable wealth of the  
state or nation. Instead of profitable  
progress, there will result a state of

commercial stagnation and uncertainty.  
Such a state might ultimately bring  
about panic and ruin.

The individuals who compose the  
public of our governments, in the aggre-  
gate is that government itself. The basic  
principal of government is that of  
equality of rights, of benefits and priv-  
ileges, to all. Aiming at such an equal-  
ity in results, that same governmental  
principle would likewise aim to create  
nothing more or less than something  
like an equal distribution of the bur-  
dens of the government itself. The dis-  
tribution of the benefits of government  
may be intended in theory, but not exist  
with an absolute exactness in actual re-  
sults. The same may be true as to the  
ultimate distribution of tax burdens. In  
theory at least, the whole public finally  
pays. If in practice that final payment  
is not equally made from the individuals  
of the public according to their means,  
abilities, and benefits, the underlying  
rule remains unchanged, it is only the  
impossibility of creating any perfect rule  
for government itself, or in tax laws for  
the support of governments, which pre-  
vents perfection and absolute equality  
in the application of the rule that the  
whole public pays the taxes.

## The "Paternalism" of Governmental Activities as Related to Increased Taxes

The tendency of modern thought as  
registered in many of almost unlimited  
numbers of regulatory laws which have  
found place in the code of laws of the  
United States and of the several states,  
to attempt through regulation to con-  
trol the relations as between individuals  
pertaining to the ordinary affairs of  
business, commerce, and other daily  
pursuits, through which individuals are  
tempting to increase their individual  
wealth, pursue their habits of daily ex-  
istence to the end of individual happi-  
ness for themselves and their families.  
The keynote of such laws is don't do  
this, and it shall not be done. In the  
enforcement of the regulatory "don'ts"  
found in such laws, public commissions,  
public boards, for purposes of investi-  
gation, of inspection, and even with  
summary powers for enforcement, have  
been created. At the present day, the  
government as it exists for the states,  
the states, and the cities, towns, and  
political subdivisions of the states, has  
become a government akin to a positive  
tempt at guardianship, extended not  
only to lines of activities to protect the

people by preserving the liberties of  
life, protection of property, and the pur-  
suit of happiness but including attempts  
at directing under an assumed super-  
guardianship wisdom, just of what  
those liberties shall consist, just how  
private property may be enjoyed, and  
just what may be and may not be done  
in the pursuit of individual happiness.  
Notwithstanding that many state con-  
stitutions, adopted by many of the states  
for no purpose at all except that of  
preserving to individuals those individ-  
ual rights of freemen which came down  
to our forefathers from the time of the  
great Magna Charta of England contain  
constitutional language that "A fre-  
quent recurrence to fundamental prin-  
ciples is essential to the security of in-  
dividual rights and the perpetuity of  
free government." Notwithstanding  
that among the early amendments to the  
constitution of the United States, adopt-  
ed as early as 1789, was the declaration  
that: "The enumeration in the consti-  
tution, of certain rights, shall not be  
construed to deny or disparage others  
retained by the people," coupled with

the fact that the whole federal consti-  
tution is no more than a delegation of  
powers to Congress, making that body  
an agency for the people within the  
limits of power delegated it, rather than  
a dictator to the people in any language  
similar to that which might come from  
a superior to an inferior. Yet the  
growth of what is styled "paternalism"  
when applied to governmental activities  
has reached a stage, where legislative  
wisdom as announced in the many so-  
called "sanitary laws", "inspection  
laws", "size of package laws", "health  
laws" and even "zoning district laws"  
is almost presumed to be supreme wis-  
dom in their announced rules of "do"  
and "don't" as applied to individual  
actions. Our forefathers defended their  
houses as their castles, against the in-  
vasions of actual law-breakers, and  
called upon the public officials for help  
only when unable to preserve the sanc-  
tity of property rights, and the lives of  
themselves and families from the force  
of greater numbers. Today as individ-  
uals our greatest task is to defend our-  
selves from the effect of regulatory



laws, and guard ourselves against their invasion. The broad path of individual liberties, within the constitutional bounds required to establish a general government for mutual protection, as intended by our forefathers when they wrote the constitutional declarations of rights of the individuals and powers of the law-makers, has dwindled to narrow lines, the passage of which is thorny with fines and penalties to those who would deny the infinite wisdom of lawmakers when attempting to prescribe an almost complete schedule of our daily life as individuals. The question of "how we shall live" seems to have been answered in minute detail through legislations enacted in response to demands from those who seem to have usurped the function of shaping the lives and habits of their neighbors, under some mistaken "holier than thou" "we know better than you" idea, directed to other individuals as units, as classes or as masses.

#### **Scope of "Public Purposes" Has Come to Include Those of Doubtful Benefit as Such.**

Public purposes for which taxes may be imposed upon private property and private individuals, at one time in the history of our country had a pretty well defined, and popularly understood meaning. Today a "public purpose" is almost anything which a legislative body may declare to be such. The adults of today had a pretty fair idea of the meaning of the words "common schools", high schools, universities, and normal schools. Had some very well defined ideas as to what a common school education, high school education, and university course meant. Our fathers and mothers, and many of ourselves would be lost today if it were attempted to pick those ideas of meaning as to what was encompassed in the meaning of the words "public schools" coupled with "education", from the curriculum of the schools which bear those names today. The "abc's" are not taught, infant pupils are expected to learn them by intuition. The spelling of words, is expected to be learned through some system of "mental" photography, seeing the words and remembering how to spell them. The teaching of new theories embryonic in their development, undemonstrated as to their soundness, has a tendency to supplant the teaching of established principles of rhetoric, use of language, science, mathematics and the arts. The problems of pure education has come

to include problems as to childish amusements, more adultlike, sports and games. Our schools today would teach everything from tiddley-winks, to boxing including all the Olympian games of the ancients, and their more modern acquisitions of the category of sports.

Our schools in some instances have become the social centers of the community, or at least publicly supported additions to what exist for private support.

The atmosphere of side issues included in sports, amusements, social uplift attempts, and all else, foreign to what was formerly considered "educational" has become so expensive as to render it almost impossible for a financially poor student, to undertake an earnest search for knowledge. The whole college air is too swift for his purse.

This article is not an attack upon attempts toward the uplifting of mankind. Nor is it an attack upon the modern ideas of education, as compared with those of our school days. The article attempts to outline in brief a panoramic view of the present as it has changed from the past.

If it is indispensible to a proper education of our growing youth that athletic development be nurtured in educational gymnasiums under the eyes of professional trainers at public expense, rather than chance a similar development through wielding the axe, the hoe, or the shovel or other similar "around the home" means for muscle development. If the publicly purchased playground, is a more efficient place for developing sprinters, high-jumpers, and broad-jumpers, ball-players, and incidentally boxers, than the sand-lots, back-lots, side-streets, and alleys, used in the youthful days of the adults of the present, and by their grand-parents. Still all this is only an incident to education properly considered and should not be so injected into the system as to become all absorbing to the minds of pupils and actually diverting of such minds from real education.

#### **Unless We Are Developing a Generation of Individuals Who Are Unable to "Stand on Their Own Feet" as Our Forefathers Did, Many Expensive Regulatory Laws Are Unnecessary.**

If the future generation into whose hands will fall the necessity of maintaining and perpetuating the ideas of freedom, justice, and equality of men, which had their inception as ideas and through concerted action of an individ-

ual liberty loving, unrestrained liberty acting public of the past and present, will be better able to perform to the same end through the existence of the present great mass of guardianship, paternally, and intensively regulatory laws of the present, guiding, controlling regulating and restricting individual thought and individual freedom of action. Then let us bow our heads to it all, and as we bow, let us uncomplainingly, with graceful and happy composure, as taxpayers who must pay for it all, make that payment.

This article is intended to outline some of the many reasons as to why public expenditures have increased. Why in consequence the burden of public taxation is grinding down into the pockets of taxpayers. This Magazine has repeatedly asserted that a return to a more simplified form of government. A government the activities of which would be confined to real public welfare, as distinct from activities involved in fads and fancies. A government which will protect rather than destroy individual liberties to do, act, and accept the many opportunities for personal advancement according to individual talents, rather than a government of "don'ts". A government whose educational system will teach the real principles of manhood and womanhood, will equip the youth of today to discern between real liberty of thought and of action with such restraint only as may be actually required to protect similar action by others. A government which will thus insure a continuation of real rights to individuals, freed from unnecessary restraints arising from continued attempts to make the government the parent of control as to all lines to guide individual thoughts and actions.

Simplicity in government resulted in an economically conducted government. The results of departures from such a form of government, is too well reflected in the public budgets of expenses and expenditures of the present, to require any argument that such departures have been stupendously expensive to the public.

The public itself must and will determine its own course of action. In and from that determined course will follow the resulting financial costs of it all.

## *Is the Increased Aggregate of Taxation Approaching Point of Confiscation of Property Taxed?*

In Arizona with several millions of dollars of taxes delinquent, with revenues insufficient in point of actual collection to meet the current expenses of government therein. With the repeated necessity of issuing "tax anticipation bonds", to provide money for salaries, expenses and emergency appropriations for increased improvements of state institutions. With rentals upon state lands in arrears. With such an inability to pay grazing fees as, when made to appear to Congress, resulted in remitting those fees. With state loans largely unproductive of revenues to aid in the support of public schools, and other state institutions for which those funds were founded to be a permanent trust fund for such partial support. With taxes for general public purposes constantly increased; with special taxing districts constantly increased in numbers to meet demands for authority to tax the property therein, for new and special so-called public purposes. With a situation in which billions of dollars of capital is in wait for investment in tax free and tax exempt bonds, when except for such class of investments, that same capital would find its way into investments in commercial, industrial, and other productive private activities, and thus increase, rather than diminish the total real value of property which would increase the taxable wealth of the country, its states, and their various subdivisions. All of this is written in the lines of action for public purposes of the present, and immediate future, and where in those lines can be found any seriously effective proposals towards economy for the relief of the heavily burdened taxpaying public.

### **The Paying Public is Facing the Possibility of a Climax of Inability to Pay All Public Demands.**

It is not an idle question, nor one without many serious aspects of becoming an actual public question of whether the increased demands for public funds will not soon reach a point at which the public can no longer carry on. A point at which even though the amount of taxes, in all the various forms thereof, and the entire aggregate thereof, exceeds the productive powers of the private activities of the people of the public, and a point when reached will in effect be no more or less than practical confiscation of private property for public purposes. The wealth of the

country depends upon the production of and from investments of capital on the one hand, coupled with the energy and efforts of private individuals, whether as owners or as employees, each mutually striving to advance themselves through the ultimate profits which may arise from such investment. It makes no difference how that profit is divided. If there is a profit, then there is financial prosperity and public progress, resulting from those activities. The reverse is true. When a point is reached, where the burdens upon investments in business, exceed the possible profits to be derived through the conduct of that business, there comes stagnation and ultimate abandonment. If the burden of taxes for public purposes is approaching the point, where that burden has become an active element in reducing the amounts invested in private enterprises of any kind, then that burden is gradually wearing the taxpaying public down to stagnation at first, and final abandonment of private activities later. Apparently some temporary relief may appear to be given, through some forced reclassification of property, by which the immediate burden of paying taxes may be temporarily shifted from one class to another. But when the wheels of business finally make a complete revolution, such a shift of burdens will appear simply as a make-shift, and that portion of the wheel first lifted from the heavy going produced by taxation in the road, will again be stalled, when the other portion to which the burden was shifted, strikes the retarding force of the burden of taxes in that road to general prosperity.

The expenditures made for public purposes call for actual money. To meet that call, private business, private activities of all kinds, stand as the only source of production. It makes no difference what the form of taxes may be, the drain is from the same productive source. If in Arizona, public activities of all kinds call for over \$21,000,000 per year for local government. If from the source of production in Arizona, income, inheritance, and other forms of Federal taxes call for an equal amount or more, regardless of whether the payment of those taxes goes through the local revenue office, or through offices elsewhere located. The aggregate drain of the entire amount called for in support of all present government, is,

from the standpoint of Arizona, the same source of production. The general public therein finally pays in some manner of payment, directly or indirectly.

As an expense upon private activities the call for public revenues becomes a fixed and inescapable amount. The private business man and the individual may reduce private expenses, but is powerless to reduce the amount of taxes required to meet public expenses and public appropriations. There is a reflex action from the situation. Private activities look for profits. Reduce expenses thereof, where those expenses can be reduced. This means attempts to reduce the cost of supplies for factories and manufacturing establishments. Attempts even to reduce salaries and wages, and numbers of employees of merchants and manufacturers. Attempts of consumers to reduce the prices paid for what must be consumed, or failing in this, to reduce the aggregate of their purchases. Unable to break through the link of taxes which is included in the chain of expenses and other burdens upon their private activities, all holding those activities in check as against profit and success, individuals seek out the weaker links, and strive to break or remove them from that chain. In some manner, or through some means put the burden upon the other fellow. The element of dangerously increased public burdens, injects another controlling element into the vicissitudes and uncertainties already present in the keen competition for success in the business world, an element which has assumed colossal proportions among such uncertainties, due to the fact that the public itself, too intent upon its individually private affairs, has permitted its growth, through indifference in the past to what is termed public business. And sometimes termed or referred to as everybody's business in general but nobody's business in particular.

The situation above portrayed is not local to Arizona. It is present throughout the states of the union. The cry is going up from all quarters, that the public is spending more as a public than individuals can supply. The public is overlooking its own powers, through not so acting collectively as to bring about a lessening of those public expenditures. That power speaks its meaning in the words: "Economy in public expenditures to the limit of remaining efficiency of government."



# STATE SCHOOL FUND

## Apportionments for Fiscal Year Ending June 30, 1925

		First Apportionment	Second Apportionment	Third Apportionment	Fourth Apportionment	Total Apportionment
Date Apportioned		Sept. 27, 1924	October 13, 1924	January 12, 1925	April 13, 1925	for Fiscal Year
Rate per pupil.		\$ 7.57012	\$ 6.796905	\$7.642054	\$ 7.258404	\$ 29.26
County—	Average Attendance	Amount Apportioned	Amount Apportioned	Amount Apportioned	Amount Apportioned	Amount Apportioned
APACHE	1,433	\$ 10,848.00	\$ 9,739.96	\$ 10,951.06	\$ 10,401.30	\$ 41,940.32
COCHISE	7,901	59,811.45	53,702.34	60,379.87	57,348.65	231,242.31
COCONINO	1,365	10,333.25	9,277.78	10,431.40	9,907.72	39,950.15
GILA	5,091	38,539.45	34,603.04	38,905.70	36,952.53	149,000.72
GRAHAM	2,237	16,934.35	15,204.68	17,095.27	16,237.05	65,471.35
GREENLEE	1,738	13,156.90	11,813.02	13,281.89	12,615.11	50,866.92
MARICOPA	16,298	123,377.65	110,775.95	124,550.20	118,297.50	477,001.30
MOHAVE	808	6,116.70	5,491.89	6,174.80	5,864.79	23,648.18
NAVAJO	2,104	15,927.60	14,300.69	16,078.89	15,271.68	61,578.86
PIMA	6,095	46,139.85	41,427.13	46,578.32	44,239.98	178,385.28
PINAL	2,152	16,290.50	14,626.94	16,445.70	15,620.09	62,983.23
SANTA CRUZ	1,555	11,771.60	10,569.19	11,883.39	11,286.18	45,510.36
YAVAPAI	3,777	28,592.40	25,671.91	28,864.04	27,414.99	110,543.34
YUMA	2,087	15,798.90	14,185.20	15,948.97	15,148.90	61,081.97
TOTALS .....	54,641	\$413,638.60	\$371,389.72	\$417,569.50	\$396,606.47	\$1,599,204.29

The foregoing table which shows the actual distribution from the state school funds to the respective funds for the schools of the several counties in the state for the fiscal year which closed June 30, 1925, shows an aggregate of funds so distributed to the amount of \$1,599,204.29. This aggregate includes amounts raised directly by state tax levies, and amounts accruing from other sources, collected by the state and apportioned to school purposes.

The direct tax levy, of not less than \$25.00 per pupil in daily average attendance in the common and high schools of the state increases year by year in proportion to the increased number of pupils of school age attending these schools and going into the

computation of daily average attendance.

It is estimated that an approximately similar amount per capita of attendance will be available for distribution for the new fiscal year for which taxes are now being levied.

It must also be remembered that the above aggregate does not represent the entire amount devoted to the support and maintenance of the public school system of Arizona. Each county also levies a county school tax. Many school districts add to it all a special school district tax. No other single public purpose enters into the question of amount of taxes paid by the public as heavily as that of taxation for public schools. And no other public purpose which is supported through taxation is permitted

to be carried on with such an absence of restriction or of limitation, as to how much may be expended, and as to what are to be considered as real school purposes.

The state can well be proud of its school system. No one would attempt to retard any development of its educational features. There exists no reason as to why the use of funds allotted for school purposes, should not be as well safe-guarded as against any abuse of that use, as against any unnecessary or extravagant use thereof, as any other fund is so safe-guarded. The Magazine ventures the opinion, that the financial operations as connected with school funds, could be improved with a result that less funds would actually accomplish the same educational purposes.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TWELVE

PHOENIX, ARIZONA, SEPTEMBER, 1925.

NUMBER NINE

## "DEFICITS" ARE NOT "EMERGENCIES"

When the Legislature in 1921 amended the law relating to the restriction of the taxing power of counties to such amounts as appeared in a proposed and finally adopted estimate of county expenditures for each fiscal year, it did provide for "emergency funds." Such emergency funds must first be authorized by action of the State Tax Commission upon application made thereto and stating therein a particular emergency, strictly confined to the classer of such emergencies as enumerated in the law. "EPIDEMICS OR DISEASES," "ACTS OF GOD WHICH RESULT IN DAMAGE TO THE WORKS, ROADS, BUILDINGS, OR PROPERTY" OF A COUNTY OR "WHICH MENACES THE LIFE, HEALTH, OR PROPERTY OF ANY CONSIDERABLE NUMBER OF PERSONS" ARE THE EMERGENCIES FOR WHICH EXTRA FUNDS MAY BE PROCURED OR PROVIDED. DEFICITS WHICH FOLLOW EXPENDITURES TO AMOUNTS EXCEEDING THE ANNUAL ESTIMATES OF ONE YEAR, NOR DEFICITS TO BE ANTICIPATED IN ADVANCE, ARE NOT "EMERGENCIES" WITHIN THE MEANING OF THE LAW. NO AUTHORITY EXISTS IN ANY COUNTY TO CREATE ANY INDEBTEDNESS NOR DRAW ANY WARRANT FOR ANY EMERGENCY PURPOSE UNTIL AN ORDER OF THE STATE TAX COMMISSION HAS BEEN MADE AS AUTHORITY THEREFOR, BY DECLARING THE EXISTING EMERGENCY AND FIXING AN AMOUNT TO COVER THAT DECLARED EMERGENCY. The County estimate law prohibits the creating of any deficit and prohibits any over expenditure of funds by county officials beyond the estimated amounts provided for in adopted annual estimates. It is commendable that the State Tax Commission in construing the provisions of law relating to emergency expenditures has refused to declare an existing emergency under applications based upon an existing or possible future deficiency in funds only, and thus has refused to relieve county officers from situations produced through evasions of the estimate law, through excess expenditures for the ordinary purposes of the counties, AND BY SO DOING HAVE AFFORDED THAT PROTECTION TO THE BODY OF TAXPAYERS OF VARIOUS COUNTIES WHICH THE ANNUAL ESTIMATE LAW AS PASSED BY THE LEGISLATURE REALLY INTENDED SHOULD BE AFFORDED.



# EDITORIAL COMMENT

## THE WESTERN STATES TAXPAYERS' CONFERENCE

The third annual conference of the Western States Taxpayers' Conference was held at Portland, Oregon, during August 25 and 26. This conference is an organization comprising twelve of the western states, and was largely attended by representative delegates therefrom.

Honorable Martin B. Madden, Illinois representative in Congress, Chairman of the House Committee on appropriations and one of the leaders in the tax reduction program in Washington, was present and addressed the conference by special invitation. His address was directed to the problems of tax reduction and governmental economy, and our readers will derive benefit from extracts therefrom as follows

"Governmental agencies are not qualified to operate any business out of which any profits are to be made," he continued. "Why? More or less politics—mostly more. Patronage to pass out, the demands of influential friends to satisfy and the continual upbuilding of political prestige at public expense are the things that account for most of our governmental troubles.

"My hope is that you gentlemen who have brought 12 of the great western states into groups to study taxation and to demand the reforms in public expenditures that are so sorely needed, will be able to use your present organization as a nucleus around which you will eventually gather all of the states of the union.

"An enlightened public sentiment is the only thing that will cure our taxation evils. The American people have a habit of wanting what they want when they want it, and then they exercise that great American privilege of howling about it when they are called upon to foot the bill.

"Too many of our people have the idea that money is made by machinery. The facts are that everybody pays taxes, if not directly, then indirectly. The man who does not make out an income tax schedule should not fool himself with the idea that he has escaped taxation. In the end, as a matter of fact, he probably pays the most of them.

"For the manufacturer who does pay

taxes passes those taxes along to the consumer in the cost of the thing he produces, and the retailer likewise adds on the taxes he is obliged to pay to the cost of the articles he sells. And so in the increased costs of rents, clothing and everything we buy whether of necessity or luxury, we are indirectly paying taxes.

"Every appropriation that is made must be followed by taxes. Some people don't seem to realize this, the simple fact that the money you are going to spend must be raised somehow. The appropriations must follow, and the cost eventually gets to everybody.

"The annual interest paid on the national debt before the war was \$22,000,000. Interest charges following the war jumped to \$1,024,000,000. Economies we have put into effect have enabled us to reduce this annual expenditure for interest by \$144,000,000. And this record has been made in the face of rising costs in every department of the government. As everybody knows, we now pay almost double for everything we have or do.

"We have also reduced taxes on incomes, and it will be noted that the 25 per cent reduction in income taxes corresponds very closely with the reductions we have made in appropriations.

"On June 30, 1926, we expect to have a surplus of \$373,000,000 in the treasury, and it is my hope that we can give the American people a reduction of \$350,000,000 in their income taxes. I believe that this relief will be afforded before the next income tax schedules are sent out.

"I have a notion that some day or other the government of the United States ought to be run on business principles. And to achieve this result a public sentiment must be created back home for economy and efficiency. Money ought to be spent with full knowledge of the results that will be obtained."

Arizona was represented at the Conference by the Honorable Charles R. Howe, State Tax Commissioner of Arizona, and by Honorable Rudolph Kuchler, president of the State Taxpayers' Association of Arizona, and they were among the speakers before the Con-

ference.

Commissioner Howe spoke as follows: "Mr. Chairman and Members of the Western States Taxpayers' Conference:

"It is a genuine pleasure to be with you on this occasion in this beautiful city of Portland. I am also glad to note the large attendance and the intense interest apparent in the efforts of this organization to promote economy consistent with efficiency in the expenditure of public funds.

"For more than twenty years my work has been that of a taxing official and each year I can see the need, more and more, of Taxpayers' Associations in order to promote both efficiency in the public service as well as economy in the expenditure of money raised by taxation.

"It was my good fortune, for more than four years, to have associated with me, as a colleague and member of the State Tax Commission, Mr. Rudolph Kuchler. Mr. Kuchler was the first president of this association and is now the president of the State Taxpayers' Association of Arizona, an organization that is doing excellent work.

"I believe that I am not exaggerating when I make the assertion, that Mr. Kuchler enjoys the entire confidence of every public official, both County and State, in Arizona.

"Arizona has a so-called Budget System limiting the annual increase in taxing districts to ten per centum more than the previous year. However, inasmuch as, this law does not apply in any manner to the public schools nor to purposes for which bonds are issued, it proves of slight value in limiting the total amount of public expenditures.

"In connection with this law there is also another law providing that, in case of emergencies, which shall be determined by the State Tax Commission after an advertised hearing, the ten per cent limit may be exceeded.

"I have listened with much interest to the remarks of the State Treasurer of Oregon, who has just preceded me, wherein he stated that the large daily newspapers of the state were so inconsistent as to be the chief complainers of high taxes and high tax rates, yet, always are found boosting bond issues, as well as every other means that is

## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription SEPTEMBER, 1925. 50 Cents

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H. B. Harding	T. L. Macleod	L. W. Quinlan
J. W. Smith	Gustave Becker	O. S. Stapley
H. D. McWay	R. N. Fredericks	Morris Garcia
J. J. Shumway	Joseph D. Wilkins	R. A. Wilson
E. A. Sawyer	David Ridgeway	J. N. Purdum
H. C. Reed	Geo. G. Doyle	I. M. George
H. D. Aitken	E. F. Sanguinetti	P. C. Merrill
A. H. Hanson	Albert Steinfeld	C. H. Pratt
Frank Tyler	Samuel F. Smith	David Babbitt
John F. Nash	P. A. Tharaldson	P. P. Greer
Ernest R. Hall	Chas. W. Fairfield	W. A. Julian
W. H. Keegan	W. M. Adamson	B. A. Packard
Frank M. Pool	Manuel Candelaria	G. E. Greer
	H. W. Williams	Fred Johnson

Address all communications to the Secretary,  
503 Luhrs Bldg., Phoenix, Arizona.

brought forward for expending public money.

"I want to say that the same identical condition exists in Arizona. They will 'condemn' public officials for high taxes and on the other hand do everything possible to make them high.

"The total administration cost of State Government in Arizona is less than seven per cent of the levy. This includes all Commissions, Boards, and everything from the Supreme Court down to the State House Janitor.

"The same newspapers that I have heretofore mentioned will be found shouting to the house-tops for economy in the seven per cent of administration costs, but strangely silent on the same subject regarding the other ninety-three per cent wherein the REAL BIG SAVING, if any, can be made.

"I am glad to say that our State Taxpayers' Association takes a different view of this matter and does not confine its efforts to the seven per cent only.

"More than fifty-five per cent of the entire state tax levy in Arizona, for

1925, is for educational purposes. More than twenty per cent of the entire levy is for the University of Arizona, yet, none of the newspapers aforementioned have ever had the temerity to even suggest the possibility of a saving in any educational department.

"Now, I am aware that there are many others present who desire to be heard. My purpose in attending this Conference is, first, to listen to the discussions of the tax problems of other States, which I find differ very little from those of Arizona, and, second, to pledge the co-operation and assistance of the Tax Commission of Arizona in whatever way possible, looking toward the great object of your Association—'The greatest possible economy in the expenditure of public money consistent with efficiency.'

"For many years I have attended the meetings of the National Tax Association and it has always seemed to me that this organization practically ignored the West.

"In conclusion I want to say that this Association has a great work to accomplish and a large field for its labor.

"If your future efforts cover fully the purposes set forth in your Creed, then, our great Western Empire will indeed have reason to be proud of your organization.

"I thank you."

Mr. Kuchler in responding to the subject assigned to him, the Arizona State Taxpayers' Association, said in part as follows:

"Stripped of all the circuitry which may be involved in pointing out how it is so, taxes are ultimately burdens upon the whole public. Directly or indirectly sooner or later as the wheels of trade and commerce, revolve, in completed cycles of such revolution, the equation is worked out, and with some few exceptions, so few in fact as when shown to exist, add to the demonstration of the proposition that the whole public ultimately pay the taxes.

"Taxes are expenses which become a part of the 'overhead' of business, and enter as much into the individual problems of making individual business pay a profit to the owners, as any other business expense.

"But, no matter how the various classes of overhead expenses may vary as to different classes of private business, it is pretty generally accepted as true, that the item of taxes, no matter in what form levied and collected, is a common yearly occurring, and yearly increasing item of overhead common to all classes of business.

"The time is approaching when the real public, an active majority of the

real public, will take matters in hand, and will undertake to voice the will of the public for public economy, just as forcibly as majorities now speak the will of the people in electing a president of the nation, or the governor or other officers of states, and the lesser branches of government therein.

"All reforms have come about through educating the people. Public taxation, public expenditures, the question of what is really needed to enable the public to properly function in a governmental capacity for the welfare of the whole people, are each questions now before the minds of conservative thinkers, all realizing that there is a necessity for reforms to the end of an imperatively needed reduction in public expenditures to thus relieve the strain of tax burdens upon private business.

"The pay as you go plan of our thrifty and ultimately prosperous ancestors, has been discarded both in private life and in public works and activities. The public must again be taught some lesson of self denial embraced in the words 'we simply cannot afford it,' or presently incurred public indebtedness, constantly increased amounts in taxes raised to carry on present forms of government will become mill-stones of debts and burdens beyond the ability of the future generations to successfully carry and at the same time meet the real necessities of that generation."

Summarizing the expression of the Conference and its ideas as a whole directed to problems of governmental economy, the Morning Oregonian, of Portland, Oregon, says:

"Careful scrutiny of all proposed governmental expenses before the obligations are incurred is the sole hope for the curtailment of taxation in the opinion of a majority of the delegates attending the conference, which opened its two-day session at the Multnomah hotel yesterday morning.

"The budget system, or the forecasting of expenses, and then the rigid adherence to the accepted program will assure progress in efficiency in the handling of public funds and reduce to a minimum the levies on the people for governmental purposes. This idea was repeated time after time as delegates from the 12 western states participating took the floor to express their ideas and to trace the progress towards tax reduction that their organizations were making in their respective states."



## Comments Upon the Ten-Year Tax Period

The table which occupies considerable space in this issue of the Magazine is intended to give the readers a comprehensive view covering a ten-year period of fiscal years, the amounts which have entered into the financial requirements of the state for those years confined to amounts which were in each year raised by direct state taxes. If the figures are to be considered in connection with the tax-rolls of the various counties of the state, upon which those amounts were levied for collection, the table covers the tax-rolls for year 1916 and up to and including the rolls for the present year 1925.

In general, the table includes only such portions of the actual appropriations for state purposes, as were derived from direct taxes levied upon the property of the state. There should be no confusion as between the actual totals of amounts in each year of the ten year period appropriated for use for state purposes, and the figures which apply to that year as given in the table. The appropriations included all amounts which accrued to the state from all other sources of revenues as well as the amounts of each year raised by taxes for state purposes.

The table is intended to convey to the taxpayers of the state the facts as to the amounts which the taxpaying public has paid for state purposes, and has no reference to anything bearing upon the amount of those monies actually expended, nor, any bearing upon the question of final distribution of such tax-raised funds connected with the actual expenditure thereof.

The table referred to is subdivided into such groups as have been quite generally accepted by public statisticians, as a proper grouping for comparative purposes respecting public funds, their creation, collection, appropriation and expenditures. Are such separate sub-divisions as have been made in the various budgets of the several years, since the state budget system was inaugurated, worked back over previous years to accomplish similar groupings.

So the table finally shows the amounts of taxes raised for the different divisions under each general group of public activities, shows also the total amount of taxes raised in each year, shows also the state tax rate per hundred dollars of assessed valuations upon the aggregate assessed valuations for each year, with those valuations also shown.

Under the heading: "Net Educational Group," the amounts raised for common school purposes, during the ten year

period has increased from \$500,000.00 to \$1,460,475.00. Under existing laws, this amount will continue to increase in proportion to the increase in average daily attendance in the public schools, the amount to be raised each year is to be at least twenty-five dollars per pupil of such attendance. In recent years, this per capita has been made to include attendance in "high schools" as well as "common grade schools." Under that same general heading, it appears that the amounts raised for the state university have increased from \$276,581.00 to \$1,460,475.00 in the ten year period. During the period covered, the amounts raised by taxation for university purposes have embraced amounts appropriated for specific purposes, amounts appropriated for general purposes to specific amounts, and straight tax rate levies to produce amounts appropriated. The other increases in the "educational group," are not so large as the increases noted above, but in general there has been an increase. In passing the above situation, it might be suggested that legislative bodies could well devote their attention to the real needs of the schools and higher educational institutions. That laws might be enacted which would reflect those real needs into laws controlling and regulating the purposes for which educational funds are to be used. A blanket appropriation of so much per capita, is an easy way of solving an equality of use of state funds as among the counties of the state, but the question arises as to whether such a per capita tax, so distributed, either solves the problem of equal facilities for common school purposes, or has any tendency to create a really uniform system of common schools in the state, an especially pertinent question, when it is considered that the control of use of the state funds is finally passed on to individual district boards to the number of over five hundred in the state. Our state educational boards and officers have been given a free rein as to the purposes of use for funds appropriated. The amount of funds raised by taxation has steadily increased, at the same time of increases in the actual amounts of other sources of revenues, have so increased under the above method of giving to educational purposes all the funds the educational heads demand or request.

With what funds have been raised by direct taxes for the state highway or road tax fund, ranging from \$318,500 in 1916, to \$650,145.85 in 1925, the question of actual highway construction and funds for that purpose must

include motor license fees and gasoline taxes. These two items aggregated \$1,181,386.21, for the last fiscal year. Altogether, the state and its counties have expended over \$45,000,000.00 for highway construction since the coming of automobiles, with a result that while the annual amounts for highway purposes, appearing in the table under the head of "Net Public Works Group," as an item standing alone, may look small for each year, the taxpayer who thinks it is small can refresh his or her memory as to amounts also expended, by looking to the bond issues of their respective counties, and to the amounts assessed against their property for the purposes of bond interest and redemption funds to pay interest and provide for the payment of principal upon highway bond issues.

The subject of this article is state taxes for a ten year period. That subject carries with it a general increased amount of such taxes year by year. The taxpayer has no vacation period of exemption from payment of taxes. Taxpayers may plan a vacation budget for vacation period from their daily individual pursuits and the demands thereof, but not so with taxes.

A little advance thought, a little activity, and perhaps much concerted insistence on the part of taxpayers and the general public, directed to the subject of public expenditures, might result, not in any "vacation period" of exemption from all taxes, but in such a decrease in the amount to be paid, as would seem a continuation of the pleasures of their period of recreation in individual vacations. Seriously, public economy can only come through concerted action of the public connected with what shall be included in public budgets which are the foundation of what finally becomes the aggregate of taxes to be paid, a truism which applies to all branches of public government, whether national, state, county, city, town, school or other district with taxing powers.

A new fiscal year is now ensuing. It is never too late to start, and the subject of public economy is one which will never exhaust itself, and any effort by any public officer, or officers, assisted or unassisted by the public served, if it be an effort directed towards reducing public demands as a means of reducing public expenditures, will ultimately reduce taxes. So taxpayers who desire economy, should start right now, and stay with their attempts, until results are thus obtained. The public itself must produce economy.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TWELVE

PHOENIX, ARIZONA, OCTOBER, 1925.

NUMBER TEN

## BEWARE OF FURTHER PUBLIC BONDS

The ease with which public bond issues find a ready market in the financial world of today, is the result of an increasing demand of the investing public for "tax -exempt" securities. PUBLIC BOND ISSUES OF ARIZONA AND ITS MUNICIPALITIES ARE TAX-EXEMPT UNDER CONSTITUTIONAL PROVISIONS. There appears professional promoters of bond issues working among the various Boards of counties, cities, and school districts encouraging the issuing of more and more bonds. Their urge is that more and more proceeds of bond issues be invested in newly suggested public improvements, buildings, and what not, regardless of real need. If there exists a not yet exhausted limit of power to bond, coupled with some apparently plausible argument of public necessity or public convenience to attract favorable votes for the proposition to bond. Public boards are sold to the promoter's ideas, the public is sold to the glamour of show, of convenience, or of what may be a false idea of public improvement and advancement through the investment of bond raised funds. The promoter succeeds in acquiring bonds for sale, the bond houses make their profits in sales, the tax exempt security seeker gets more relief from all tax burdens, the other property taxpayers increase their tax burdens when they vote the bonds. Many times however the taxpaying public finally realize that the brilliant approach of bond issue promoters has left that public like moths after flying into the candle. Find that instead of progress and advancement bond issues have become retarding agents against both and are in fact increased burdens without public benefit at all proportionate to that burden.

With Arizona public Bonds amounting to over \$45,000,000.00; with irrigation and reclamation project debts of similar character amounting to over \$20,000,000.00, the public is carrying its full share of interest and redemption fund burden.

The public of Arizona are for progress and advancement. This involves an increase in the numbers of private activities and investments of private capital necessary therefor. Involves an increase in the productive wealth of taxable property of the state. Uninvested capital is cautious when facing the presence of high tax rates, constantly increasing tax burdens, and heavy public bond burdens to be shared and in part borne as the result of any investment. STOP ISSUING TAXEXEMPT BONDS. TO THAT EXTENT RETARD AN INCREASE IN TAXES AND PUBLIC DEBT BURDENS. STOP THE SUPPLY OF TAX-EXEMPT BONDS, AND TURN THE ATTENTION OF PRESENT INVESTORS THEREIN TOWARDS INVESTMENT IN PRIVATE ACTIVITIES WHICH WILL RESULT IN MORE TAXABLE WEALTH. Remove any existing fear that outside capital newly invested in Arizona will ultimately be "taxed to death", and thus encourage the incoming of new home-builders to Arizona, and also encourage such an investment of outside capital in the many natural golden opportunities for success of private investment in Arizona as will make towards such an advancement, such continued progress, and will become finally success for the public of the state, and for Arizona as a state.



# A Ten-Year Statement of Amounts of Appropriations for State Purposes, Showing Amounts Finally Raised by Taxation in Each Year

## NET EDUCATIONAL GROUP

	Year Ending June 30, 1917	Year Ending June 30, 1918	Year Ending June 30, 1919	Year Ending June 30, 1920	Year Ending June 30, 1921	Year Ending June 30, 1922	Year Ending June 30, 1923	Year Ending June 30, 1924	Year Ending June 30, 1925	Year Ending June 30, 1926
Common Schools	\$500,000.00	\$752,500.00	\$780,500.00	\$75,000.00	\$1,058,000.00	\$1,259,825.00	\$1,253,525.00	\$1,325,425.00	\$1,366,025.00	\$1,460,475.00
Vocational Education	45,000.00	52,000.00	86,924.00	254,840.00	371,616.00	113,998.00	92,660.00	81,100.00	81,100.00	81,100.00
University of Arizona	276,581.00	395,898.00	299,544.00	648,442.00	492,692.00	925,000.00	622,218.00	631,483.00	594,397.00	1,121,597.85
County Scholarships		2,100.00	2,100.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	14,000.00
Tempe Teachers' College	100,000.00	200,000.00	125,000.00	170,446.00	156,500.00	198,000.00	148,750.00	134,775.00	134,775.00	216,385.00
Northern Arizona Teachers' College	60,071.00	168,064.00	82,000.00	127,100.00	110,880.00	201,110.00	145,000.00	122,275.00	122,275.00	186,675.00
Historian	5,350.00	7,400.00	7,400.00	5,400.00	9,400.00	5,900.00	5,400.00	6,500.00	6,500.00	6,200.00
Pioneers' Historical Society	1,250.00	1,275.00	1,275.00	1,325.00	1,325.00	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00
Sub Totals	\$988,252.00	\$1,579,237.00	\$1,884,743.00	\$1,440.00	\$2,207,413.00	\$2,712,273.00	\$2,275,993.00	\$2,309,998.00	\$2,313,512.00	\$3,087,872.85

## NET PUBLIC WORKS GROUP

Roads and Bridges	\$318,500.00	966,500.00	\$937,000.00	\$1,000.00	\$979,500.00	\$1,319,403.00	\$416,010.00	\$938,000.00	\$649,879.30	\$650,145.85
Capital Building and Grounds	20,000.00	200,000.00	94,892.00	200.00	30,000.00	39,600.00	39,920.00	41,995.00	41,995.00	34,910.00
Water Department				2,000.00	15,000.00	51,600.00	44,800.00	23,103.19	19,500.00	58,000.00
Irrigation Projects		10,000.00		2,000.00						
Resources Board				10,000.00	10,000.00	10,000.00				
Smelter		1,000.00		2,000.00						
Cave Creek Flood Control				50,000.00		50,000.00				
Sacaton-Florence Power Line				50,000.00			50,000.00			
Sub Totals	\$338,500.00	\$1,177,500.00	\$1,031,892.00	\$1,000.00	\$1,034,500.00	\$1,470,603.00	\$550,730.00	\$1,003,098.19	\$711,374.30	\$743,055.85

## NET AGRICULTURAL GROUP

Agriculture and Horticulture	\$14,000.00	\$21,000.00	\$21,000.00	\$1,000.00	\$32,675.00	\$68,000.00	\$46,170.00	\$52,400.00	\$52,400.00	\$100,000.00
Live Stock Sanitary Board	10,450.00	9,300.00	9,300.00	1,000.00	11,125.00	13,300.00	9,500.00	28,000.00	10,000.00	69,000.00
Sheep Sanitary Commission	4,500.00	5,500.00	4,500.00	1,000.00	4,500.00	7,500.00	7,500.00	7,500.00	7,500.00	9,100.00
Veterinarian	3,300.00	5,550.00	5,500.00	1,000.00	5,700.00	5,300.00	3,300.00	3,300.00	3,300.00	3,300.00
Eradication of Tubercular Cattle						7,500.00	15,000.00	50,000.00	50,000.00	40,000.00
Land Department	50,000.00	70,000.00	70,000.00	2,500.00	65,250.00	47,550.00	44,813.00	65,428.00	63,928.00	64,520.00
State Real Estate Department							2,600.00			
U. S. Reclamation Service				30,000.00			20,000.00			
Dairy Commission			10,000.00	10,350.00	10,350.00	9,870.00	9,045.00	9,045.00	9,045.00	9,045.00
Rodent and Predatory Animal Control			25,000.00	50,000.00	50,000.00	25,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Immigration Commission		1,000.00		1,000.00	1,000.00	13,750.00				
Northern Arizona Fair	2,500.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00			
County Fair Assistance		10,000.00	3,000.00	1,000.00	5,000.00	14,000.00	5,000.00			
State Fair	23,000.00	113,689.00	68,341.00	69,000.00	83,571.00	107,669.00	75,000.00	76,021.00	76,021.00	73,350.00
Game Warden	4,000.00	4,000.00	4,000.00	2,000.00	4,000.00	5,200.00	5,200.00	5,200.00	5,200.00	2,900.00
Relief Navajo Horse Owners		2,423.00								
Water for Dry Farming										10,000.00
Foot and Mouth Disease Emergency										3,500.00
Scabies Emergency										15,000.00
Sub Totals	\$111,750.00	\$247,462.00	\$225,641.00	725.00	\$287,171.00	\$329,639.00	\$278,128.00	\$326,894.00	\$307,394.00	\$429,715.00

## NET HEALTH, CHARITABLE AND PENAL GROUP

Asylum for Insane	\$95,000.00	\$174,500.00	\$113,649.00	2,682.00	\$143,900.00	\$163,766.00	\$158,953.00	\$148,870.00	\$148,870.00	\$261,343.90
Pioneers' Home	16,000.00	22,000.00	19,000.00	8,213.00	64,045.00	54,437.00	51,510.00	57,880.00	56,880.00	66,160.00
Industrial School	25,500.00	45,000.00	71,104.00	209,000.00	53,800.00	55,000.00	58,175.00	58,310.00	54,710.00	64,010.00
Prison	85,000.00	162,000.00	145,456.00	169,845.00	191,000.00	155,500.00	162,905.00	168,760.00	165,260.00	183,310.00
Pardons and Paroles	1,000.00	1,000.00	317.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	750.00
Public Health	5,800.00	6,000.00	7,569.00	8,100.00	22,100.00	24,650.00	23,650.00	26,309.00	26,309.00	21,855.00
Laboratory	4,500.00	4,500.00	4,500.00	1,500.00	4,500.00	4,850.00	5,600.00	5,600.00	5,600.00	5,550.00
Dental	300.00	1,000.00	1,000.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Free Employment		2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Child Welfare				30,000.00	30,000.00	30,000.00	30,000.00	29,400.00	29,400.00	30,000.00
Sub Totals	\$233,100.00	\$418,500.00	\$365,095.00	\$707,340.00	\$484,345.00	\$493,203.00	\$495,773.00	\$500,129.00	\$492,029.00	\$638,978.90

## NET ADMINISTRATIVE GROUP

Auditor and Banking	\$16,400.00	\$17,950.00	\$17,950.00	\$30,700.00	\$30,000.00	\$67,050.00	\$48,450.00	\$48,576.00	\$38,576.00	\$41,281.00
Board of Directors	8,500.00	75,000.00	57,064.00	34,600.00	34,600.00	25,000.00	20,060.00	16,300.00	16,300.00	13,075.00
Governor	17,150.00	17,150.00	32,400.00	36,600.00	32,100.00	32,300.00	30,760.00	41,225.00	31,525.00	40,633.00
Tax Commission	19,000.00	20,000.00	19,412.00	27,000.00	29,900.00	29,900.00	29,000.00	34,000.00	34,000.00	23,400.00
State Treasurer	8,750.00	7,500.00	7,100.00	10,200.00	9,700.00	8,950.00	29,075.00	20,000.00	20,000.00	19,050.00
Mine Inspector	13,800.00	13,800.00	15,400.00	17,600.00	17,600.00	19,150.00	17,150.00	20,195.00	19,495.00	19,125.00
Secretary of State	19,800.00	22,500.00	26,500.00	40,063.00	36,200.00	44,900.00	45,095.00	40,095.00	36,150.00	49,989.61
State Examiner	5,600.00	6,500.00	6,500.00	9,000.00	9,000.00	9,000.00	9,300.00	22,900.00	22,900.00	18,300.00
Corporation Commission	39,532.00	39,129.00	39,120.00	49,120.00	49,120.00	60,000.00	63,480.00	101,540.00	76,540.00	87,240.00
Weights and Measures	4,700.00	4,700.00	4,700.00	4,700.00	4,700.00	3,600.00	4,400.00	4,400.00	4,400.00	5,000.00
Premium on Bonds	550.00	530.00	525.00	550.00	550.00	550.00	550.00	550.00	550.00	600.00
Printing Reports	3,000.00	8,500.00	2,974.00	7,500.00	10,000.00	10,000.00				
Loan Commission	100.00		500.00					1,000.00	1,470.84	1,000.00
Special Examiners	500.00									
State Loan Board										10,000.00
Sub Totals	\$154,782.00	\$235,200.00	\$220,114.00	\$268,533.00	\$263,970.00	\$310,400.00	\$297,320.00	\$350,781.00	\$301,906.84	\$328,693.61

## NET LEGAL GROUP

Attorney General	\$19,900.00	\$14,300.00	\$17,550.00	\$23,500.00	\$25,500.00	\$29,500.00	\$23,200.00	\$23,200.00	\$23,200.00	\$27,500.00
Bar Examiners	450.00	250.00	750.00	400.00	500.00	600.00	600.00	600.00	600.00	600.00
Court Commissioners	100.00	100.00	300.00	100.00	100.00	100.00	250.00	250.00	250.00	100.00
Law Library	2,400.00	8,435.00	3,600.00	5,850.00	5,700.00	6,150.00	9,975.00	9,800.00	9,800.00	13,990.00
Superior Court	25,750.00	25,750.00	25,750.00	27,350.00	23,175.00	33,800.00	37,050.00	36,800.00	36,800.00	33,300.00
Supreme Court	22,140.00	24,250.00	24,250.00	27,250.00	26,850.00	28,450.00	29,200.00	28,100.00	28,100.00	27,600.00
Revised Statutes										32,000.00
Legislature	50,000.00	200.00	24,980.00	75,090.00	77,700.00		75,300.00	90,686.00		104,136.66
Sub Totals	\$120,740.00	\$73,285.00	\$97,000.00	\$159,750.00	\$165,525.00	\$98,600.00	\$175,575.00	\$189,436.00	\$98,750.00	\$242,266.66

## NET MILITARY AND LAND SETTLEMENT FOR SOLDIERS GROUP

National Guard	\$36,500.00	\$100,000.00	\$42,000.00	\$50,000.00	\$50,000.00	\$64,630.00	\$65,000.00	46,500.00	\$45,000.00	\$33,430.86
High School Cadets		7,500.00		12,000.00	31,000.00	20,000.00				
Land Settlement for Soldiers						50,000.00	100,000.00	98,679.02		5,000.00
Welcoming Soldiers										
Veterans' Welfare										10,000.00
Sub Totals	\$36,500.00	\$107,500.00	\$42,000.00	\$62,000.00	\$81,000.00	\$134,630.00	\$165,000.00	\$145,179.02	\$45,000.00	\$48,430.86

## NET INTEREST, REDEMPTION, RELIEF AND MISCELLANEOUS GROUP

Interest on State Debt	\$43,070.00	\$41,288.00	\$41,288.00	\$13,938.00	\$40,088.00	\$39,983.00	\$38,890.00	\$35,913.76	\$35,413.76	\$54,863.76
Interest on Warrants	1,500.00	75,000.00	15,000.00	25,000.00	25,000.00	120,000.00	56,399.00	20,000.00	20,000.00	6,612.65
Redemption of Bonds	6,500.00	30,958.00	30,958.00	30,958.00	30,958.00	30,958.00	33,600.00	36,903.78	29,198.88	29,198.88
Interest Deficit						103,275.00	20,362.00			
Counsel of Defence										
Relief Bills										
Mormon Battalion		25,532.00	1,000.00	11,268.00		35,806.00	13,375.00	25,219.13	2,414.00	21,500.61
Miscellaneous						2,500.00				
Special Election						40,000.00		1,600.00	6,550.80	6,000.00
Sub Totals	\$51,070.00	\$172,728.00	\$132,196.00	\$111,164.00	\$96,046.00	\$372,477.00	\$162,626.00	\$119,636.67	\$93,577.44	\$121,204.90

## GRAND TOTAL

GRAND TOTAL	\$2,034,694.00	\$4,011,412.00	\$3,507,000.00	\$5,921,825.00	\$4,619,970.00	\$5,921,825.00	\$4,401,145.00	\$4,945,151.88	\$4,363,543.58	\$5,640,178.63
Add Deficit	121,715.00			190,000.00		423,025.00				
Sub Totals	\$2,156,409.00	\$4,011,412.00	\$3,507,000.00	\$6,119,736.00	\$4,619,970.00	\$6,344,850.00	\$4,401,145.00	\$4,945,151.88	\$4,363,543.58	\$5,640,178.63
Deduct Other Income	210,783.00	279,633.00	254,720.00	88,388.00	418,806.00	289,997.00	**724,145.34	**944,145.34	**724,450.73	**644,667.11
TOTAL AMOUNT RAISED BY TAXES	\$1,945,626.00	\$3,731,779.00	\$3,252,280.00	\$6,031,348.00	\$4,201,164.00	\$6,054,853.00	\$3,695,145.00	\$4,001,006.54	\$3,639,092.85	\$4,995,511.52
Rate	.40	.535		.60	.475	.73	.51	.575	.56	.78
Assessed Value				\$5,224,736.00		\$6,344,850.00	\$7,332,021,286.00	\$697,002,006.00	\$649,879,308.00	\$640,895,855.00



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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TWELVE

PHOENIX, ARIZONA, OCTOBER, 1925.

UNIVERSITY OF ARIZONA

NUMBER TEN

## BEWARE OF FURTHER PUBLIC BONDS

The ease with which public bond issues find a ready market in the financial world of today, is the result of an increasing demand of the investing public for "tax -exempt" securities. PUBLIC BOND ISSUES OF ARIZONA AND ITS MUNICIPALITIES ARE TAX-EXEMPT UNDER CONSTITUTIONAL PROVISIONS. There appears professional promoters of bond issues working among the various Boards of counties, cities, and school districts encouraging the issuing of more and more bonds. Their urge is that more and more proceeds of bond issues be invested in newly suggested public improvements, buildings, and what not, regardless of real need. If there exists a not yet exhausted limit of power to bond, coupled with some apparently plausible argument of public necessity or public convenience to attract favorable votes for the proposition to bond. Public boards are sold to the promoter's ideas, the public is sold to the glamour of show, of convenience, or of what may be a false idea of public improvement and advancement through the investment of bond raised funds. The promoter succeeds in acquiring bonds for sale, the bond houses make their profits in sales, the tax exempt security seeker gets more relief from all tax burdens, the other property taxpayers increase their tax burdens when they vote the bonds. Many times however the taxpaying public finally realize that the brilliant approach of bond issue promoters has left that public like moths after flying into the candle. Find that instead of progress and advancement bond issues have become retarding agents against both and are in fact increased burdens without public benefit at all proportionate to that burden.

With Arizona public Bonds amounting to over \$45,000,000.00; with irrigation and reclamation project debts of similar character amounting to over \$20,000,000.00, the public is carrying its full share of interest and redemption fund burden.

The public of Arizona are for progress and advancement. This involves an increase in the numbers of private activities and investments of private capital necessary therefor. Involves an increase in the productive wealth of taxable property of the state. Uninvested capital is cautious when facing the presence of high tax rates, constantly increasing tax burdens, and heavy public bond burdens to be shared and in part borne as the result of any investment. STOP ISSUING TAXEXEMPT BONDS. TO THAT EXTENT RETARD AN INCREASE IN TAXES AND PUBLIC DEBT BURDENS. STOP THE SUPPLY OF TAX-EXEMPT BONDS, AND TURN THE ATTENTION OF PRESENT INVESTORS THEREIN TOWARDS INVESTMENT IN PRIVATE ACTIVITIES WHICH WILL RESULT IN MORE TAXABLE WEALTH. Remove any existing fear that outside capital newly invested in Arizona will ultimately be "taxed to death", and thus encourage the incoming of new home-builders to Arizona, and also encourage such an investment of outside capital in the many natural golden opportunities for success of private investment in Arizona as will make towards such an advancement, such continued progress, and will become finally success for the public of the state, and for Arizona as a state.



## EDITORIAL COMMENT

### "Tax-Exempt Bonds Millstones on Industry"

The views of the Magazine upon the subject of tax-exempt bonds has been expressed to its readers heretofore. Just how far the general public may be in accord with those views it is impossible to judge. It is however gratifying to find that similar views are entertained in the minds of some business men, of high standing in the world of business, and it is with pleasure that the Magazine is able to present its readers with extracts from an address of Mr. W. R. Lines, of Portland, Oregon, who is Assistant to the President of the Portland Electric Power Company, of that city, and whose point of view is undoubtedly the result of actualities brought home to him in connection with the financial operations of that Company. The address was delivered at the last annual meeting of the Western States Taxpayers' Conference, and quoted from as follows:

"Prior to 1913, in the days before large government, state and local expenditures for public and quasi-public improvements, before the huge federal loans occasioned by the war, and particularly before the adoption of our present income tax with its progressive increase in surtax rates, the question of tax exemption was not an important one in our political and economic life, and we find the average citizen in both public and private fields paying little if any attention to it, simply because it had no direct and personal effect upon himself.

The following table gives the amount of totally tax exempt securities outstanding and in the hands of the public in the years noted:

1912—\$	4,086,000,000
1918—\$	7,707,000,000
1922—\$	11,321,000,000
1923—\$	12,521,000,000

In the 1923 figure, 87 percent of the total comprises state, municipal and local securities and a limited amount of quasi-public issues, such as the federal farm loan and the joint stock loan. The balance represents federal bonds issued before the income tax law took effect and the Liberty 3½% bonds in the amount previously stated.

It is interesting to note that state, municipal and local tax-free securities

are now being issued and sold in amount in excess of one and one-quarter billion dollars per year.

Excluding United States government bonds, in 1912 of the total securities issued and sold in this country only 10% represented state and municipal issues. In 1923, these issues represented 21% of the total. In other words, this class of tax exempt securities has increased at a rate more than twice as rapidly as all other securities sold in this country, federal issues excepted.

At the present time under a reduced schedule of surtaxes a taxable bond must yield in excess of 8% to incomes within the higher brackets to equal a tax exempt of 4½%. No such taxable bonds of equal security can be found, and hence great wealth is still in the market for huge blocks of state and municipal bonds, and no difficulty is found in floating such issues at low interest rates.

The fact that the accumulated vested wealth of the Nation is rapidly withdrawing from productive industry thus destroying the American spirit of business enterprise in order to turn over to the states and municipalities large sums of money to be spent on public and quasi-public improvements and on new and untried ventures, is indeed alarming.

Men with the mental capacity and wealth to produce, find it more profitable to produce nothing. What inducements can be offered to men of large incomes and perhaps exceptional business initiative and skill to get them to embark into new fields of private and productive enterprise and upon which the increase in our National wealth so largely depends, with the certainty of attendant risk, when they know beforehand that the reward of their efforts, if any, will be largely taken from them in taxes?

Another great evil of tax exemptions lies in the encouragement of extravagance of the various governmental agencies. Here is a ready medium which supplies the states and municipalities with large sums of money at low interest rates. Public officials are but human beings after all. The money which can be so easily obtained is but too easily spent. The fact that in recent years

these securities have been marketed at a rate of increase over twice as rapid as the securities of all private enterprise, including the railroads, public utilities, industrials, and farm loans, is clearly indicative of this.

With the undue advantage which tax exempt securities have in the market an embarrassing situation is created for that important group of industry represented by the railroads, telephone and telegraph companies, light and power and gas companies. These require large sums of money annually for extension and betterments of their respective systems and are forced into unfair competition with tax exempt securities in their efforts to secure sufficient capital. This capital can only, in a moderate degree be furnished by the average investor on small means. The great bulk must come from the accumulated wealth of the country, which in turn means that industries in this class can attract such capital in competition with the tax exempts only by offering high interest rates.

It cannot be denied that the United States under a wise policy of free, unhindered and legitimate private enterprise has achieved the commercial and financial leadership of the world, provide a subsidy for government money and you encourage its use in competition with private money not so subsidized. You encourage political ownership, socialism, communism or by whatever name called. This thought was aptly crystallized by Senator Underwood in a recent speech, as follows:

"Russia dissipated her wealth for a theory some years ago. We amassed ours. Russia has a larger territory, a greater population and greater industrial resources than we have. Were you outside both countries and choosing a home, which would you move to?"

President Coolidge in a recent address in Washington said: "I do not believe that the government should seek social legislation in the guise of taxation. If we are to adopt socialism it should be presented to the people as socialism and not in the guise of law to collect revenue."

## Existing Mortgages Upon Real Estate Held to Be Prior to Lien of Personal Property Taxes Levied Thereon

It has been an almost universal practice for County Assessors in making levies of taxes upon personal property, to place those taxes upon the rolls to become a lien upon any real estate owned by the same person. The tax laws permit such a course within the judgment of the assessor, the value of the real estate is sufficient to pay both real and personal property taxes. Heretofore it was the value of the real estate considered as such, without reference to any mortgages thereon. Under a recent decision of the Arizona Supreme Court the question of existing mortgages becomes an important factor as to a determination of the question of levying personal property taxes against real estate. That decision which is quoted almost in full below, is to the effect that the lien of a valid mortgage upon real estate is superior and prior to the lien of any personal property tax levied upon the mortgaged lands. The Court says:

"The only question presented by the record, and raised by the four assignments, is whether the Statutes of this state create a lien on real property for personal property taxes prior and superior to an existing mortgage lien on the same property. Appellant contends that they do, and appellee admits that a lien on real property for personal property taxes is given by the statute, but claims that it is not prior and superior to one already in existence. In arriving at their respective conclusions, both parties rely principally on paragraph 4845, Revised Statutes 1913 (Civ. Code) reading as follows:

"4845. Every tax levied under the provisions or authority of this act upon any real or personal property is hereby made a lien upon the property assessed, which lien shall attach on the first Monday in January in each year and shall not be satisfied or removed until such taxes, penalty, charges, and interest are all paid, or the property has absolutely vested in a purchaser under a sale for taxes. Said lien shall be prior and superior to all other liens and incumbrances upon the said property."

There are other sections making one class of property liable for the taxes on another; for instance, the last sentence of paragraph 4847 of the Civil Code of 1913 provides that—

'Each individual item of property contained in an assessment shall be held

liable for the taxes on all items of personal property in the same assessment."

And paragraph 4902 provides that the taxes assessed upon personal property shall be a lien upon the real property of the person assessed, while paragraph 4903 says that personal property shall be liable for taxes levied on real property, and real property shall be liable for taxes levied upon personal property. But in none of these is it provided that the lien created thereby shall be prior and superior to all other liens and incumbrances upon the same property, and it is not claimed by either party that a lien thus created, even including a tax lien, has such preference, unless the statute gives it; the general rule being that such priority does not exist. "It is competent," however, according to 37 Cyc. 1143, "for the Legislature to make taxes a paramount lien on the property of the taxpayer, and this has been done in many states; the consequence being that the lien for taxes takes precedence of every other lien or claim upon the property of whatsoever kind, however created, and whether attaching before or after the assessment of the taxes. But this preference does not belong to the tax lien unless it is so declared by statute, and a law for example, which merely enacts that taxes shall be a lien on real property, does not make them a first lien." . . . . .

The lien created by paragraph 4845, however, is by the provisions thereof made prior and superior to all other liens and incumbrances on the same property, and if, by the term "property assessed," as used in that section, the Legislature meant to include every item of property listed in the assessment of any taxpayers, regardless of its character, a lien on real estate for a personal property tax undoubtedly has priority over the lien of a mortgage on the same property, though it has already attached. But if by them it meant that the tax levied upon the real property assessed is made a lien on that property only, and the tax levied on the personal property assessed is made a lien on that property only, one could not under this section justify the conclusion that a lien superior to all others exists on real property for a personal property tax, for no lien for taxes except that created by this section is given a preference; the others being governed by the rule that the

first in time is the first in right.

Considered merely in connection with the language of the paragraph in which they appear, it is not quite clear just what meaning the Legislature intended these words should have, but, viewing them in the light of the fact that property itself rather than its owner is liable for the taxes thereon, and of the further fact that the provisions of the statute require that different parcels of non-contiguous real estate, as well as different classes of personal property, be separately listed and valued, they point to the conclusion that reference is had to those pieces of property which have been separately listed and valued, and upon which the assessments are complete within themselves, without reference to other items of the same person's property. Given its proper meaning, therefore, it follows that the lien of a mortgage upon one of two noncontiguous tracts of land assessed to the same individual is inferior and junior to all tax liens on the same land, whether they attach before or after the mortgage is given, but is prior and superior to all tax liens on the other tract, except those in existence when the mortgage lien attaches. In other words, a tax lien is prior and superior to an older mortgage lien only on real property separately listed and valued, and such is true of the various items of personal property assessed in the same way. If the language of paragraph 4845 declared that the tax levied should be a lien upon all the property assessed in the name of the particular taxpayer, this of course would not be true; but, inasmuch as it does not, we think the court should not construe it to mean that when to do so would in many cases undoubtedly impair, if not wholly defeat, pre-existing liens taken in the best of faith and in accordance with careful business methods. . . . .

It is argued, however, that most realty mortgages, the one in question being among them, contain a provision giving the mortgagee the option to declare them due upon the mortgagor's failure to pay the taxes, assessments, interest, etc., and that this affords the mortgagee all the remedy he needs against personal property tax liens thereon. This may be true so far as the taxes for the years succeeding the one in which a de-

(Continued on page 8)



# A Table Showing the Total Taxes

For State, County, City, Town, School District, and other Special Taxing  
Aggregate of Funds Available for Expenditure

Counties	Valuation by State Board of Equalization	State Rate Per \$100.00 Valuation	Amounts Raised For State Purposes	County Rate Per \$100.00 Valuation	Amounts Raised For County Purposes	Amounts Raised For City, Town, School District, and other Special Taxing Purposes
Apache .....	\$ 8,904,063.00	\$ .78	\$ 69,452.00	\$ 2.075	\$ 184,759.00	\$
Cochise .....	108,146,537.00	.78	843,544.00	.55	594,806.00	4
Coconino .....	20,262,659.00	.78	158,049.00	1.0605	214,885.00	10
Gila .....	83,654,866.00	.78	652,508.00	.7942	664,387.00	39
Graham .....	12,091,714.00	.78	94,315.00	1.74	210,395.06	8
Greenlee .....	21,682,358.00	.78	169,122.00	1.18	255,852.00	13
Maricopa .....	117,522,692.00	.78	916,677.00	1.44	1,692,326.00	26
Mohave .....	14,518,452.00	.78	113,244.00	2.015	292,547.00	1
Navajo .....	11,188,394.00	.78	87,269.00	1.793	200,608.00	1
Pima .....	66,803,833.00	.78	521,070.00	1.22	815,008.00	3
Final .....	47,700,829.00	.78	372,066.00	1.035	493,704.00	1
Santa Cruz .....	12,012,747.00	.78	93,699.00	1.652	198,451.00	1
Yavapai .....	93,699,894.00	.78	730,859.00	.756	708,371.00	3
Yuma .....	22,706,817.00	.78	177,113.00	1.74	395,099.00	2
TOTALS .....	\$640,895,855.00		\$4,998,987.00		\$6,921,198.00	\$38

## THE COST OF GOVERNMENT IN ARIZONA

When the tax collectors of the counties, cities and towns in Arizona complete the collection of taxes levied upon the various tax-rolls for the current fiscal year, a total of \$17,685,369.00 will have been collected from the taxpaying public, as direct taxes levied upon a total assessed valuation of taxable property in the state amounting to \$640,895,855.00. This statement is not to be understood as meaning that every dollar of the aggregate of \$640,895,855.00, of total assessed valuations contributes directly to that total of \$17,685,369.00. This statement means that when the whole public of Arizona is considered as a unit. When that unit is considered as such with respect to what the individual citizens, and individual activities and enterprises must earn in the relations existing as between the whole, the statement is true. On the face of the figures which appear in a table connected with this article, it appears that state taxes to the amount of \$4,998,987.00 are to be collected for state purposes; it also appears that the sum of \$6,921,198.00 is to be collected for county purposes; these two amounts

## OTHER PUBLIC REVENUE AVAILABLE FOR EXPENDITURES FOR THE FISCAL YEAR 1925—1926.

### TOTAL AMOUNT AVAILABLE

are actually collected pro rata over the total assessed valuation given above as the total for the whole state. There is a total of \$3,835,819.00 shown by the table to be made collectible for "District purposes". This covers the amount of special taxes levied for school district purposes, and if those levied are traced through to the items which compose that aggregate, it will appear that only the taxable property within the limits of each district contributes to each of those items standing alone. District purposes also includes taxes levied upon the real estate comprising several irrigation, power, and improvement districts, and this also is not directly a burden upon all of the property of the whole state. But it is equally true that every taxpayer who pays county, state, and city taxes, is also called upon to pay school district taxes, and in many cases the property of that same taxpayer must pay city, town, and other special district taxes upon the same assessed

valuation of the property. The total of \$1,929,365.00 shown by the tables as an aggregate assessed and to be collected for city and town purposes, is not directly levied in equal rates extended against the aggregate of \$137,217,042.00 shown by the tables as being the total assessed valuation of all taxable property within the limits of the various cities and towns of the state. The actual assessed valuations, and the tax rates of each town and city are each shown by the tables. But when it is considered that the cattlemen, the sheepmen, the ranchers, the miners, and others whose private activities are outside of cities and towns, are collectively the consumers of what the traders, merchants, and other business enterprises of towns and cities have to supply. And when it is also considered that the residents of cities and towns are consumers of what comes to them in the way of productions of outlying districts through the activities of citizens conducted therein, then in

# Collected From Arizona Taxpayers

ts, With Total of Estimated Revenues From all Other Sources, Showing  
l Public Purposes for Fiscal Year 1925-1926

Amounts Raised for City Purposes	Total Raised For all Purposes	Cities and Towns	Valuation	Tax Rate Per \$100.00 Valuation	Amount of Levy
\$	\$ 255,491.00	Benson .....	\$ 387,138.00	\$ .98	\$ 3,794.00
224,902.00	2,076,398.00	Bisbee .....	5,554,244.00	2.0346	113,007.00
107,873.00	582,898.00	Casa Grande ....	754,290.00	2.05	15,463.00
201,302.00	1,910,467.00	Chandler .....	1,106,913.00	1.08	11,955.00
14,087.00	404,451.00	Clifton .....	3,571,610.00	1.54	55,003.00
55,003.00	583,022.00	Douglas .....	6,443,950.00	1.51	97,304.00
634,296.00	4,750,352.00	Flagstaff .....	4,057,352.00	2.32	94,131.00
	420,169.00	Florence .....	685,319.00	2.04	13,980.00
52,726.00	424,629.00	Gilbert .....	260,564.00	.64	1,668.00
332,961.00	2,003,064.00	Glendale .....	1,589,101.00	1.29	20,499.00
29,443.00	1,076,178.00	Globe .....	4,088,644.00	2.50	102,216.00
69,171.00	409,577.00	Holbrook .....	986,590.00	1.955	19,288.00
116,543.00	1,898,535.00	Jerome .....	3,803,716.00	1.366	51,959.00
91,058.00	890,138.00	Mesa .....	2,764,072.00	.83	22,942.00
\$1,929,365.00	\$17,685,369.00	Miami .....	3,133,258.00	3.10	97,130.00
Revenue to State .....	\$ 3,139,567.56	Nogales .....	6,715,663.00	1.03	69,171.00
Revenue to Counties .....	1,471,742.47	Phoenix .....	47,000,000.00	1.18	554,600.00
Revenue to Cities .....	1,383,044.00	Pima .....	227,523.00	.70	1,593.00
<b>ALL PURPOSES .....</b>	<b>\$23,679,723.03</b>	Prescott .....	6,458,420.00	1.00	64,584.00
		Safford .....	1,195,503.00	.87	10,401.00
		Snowflake .....	160,974.00	.50	805.00
		Somerton .....	452,869.00	2.194	9,659.00
		Tempe .....	1,350,632.00	1.49	20,124.00
		Thatcher .....	380,623.00	.55	2,093.00
		Tombstone .....	435,665.00	1.00	4,357.00
		Tucson .....	24,127,575.00	1.38	332,961.00
		Wickenburg .....	266,798.00	.94	2,508.00
		Willcox .....	644,025.00	1.00	6,440.00
		Williams .....	1,080,960.00	1.362	13,742.00
		Winkelman .....	279,374.00	.70	1,956.00
		Winslow .....	2,602,282.00	1.254	32,633.00
		Yuma .....	4,651,395.00	1.75	81,399.00
		<b>TOTAL .....</b>	<b>\$137,217,042.00</b>		<b>\$1,929,365.00</b>

each case it is true that the one class is the consumer of what the other class produces, to the full extent of the needs of each of the productions of the other. The city merchants are persistently urging upon their country customers, as well as their city trade, "TO BUY AT HOME". The continued prosperity of the whole state depends upon so doing. Human nature acts contrary to that buy at home slogan, and many times gives way to the temptation to buy where things can be purchased for the least money. It can be assumed that a dealer realizes the necessity of meeting as nearly as may be the prices of local and outside competitors. That competition ultimately fixes the prices which can be asked and received for any commodity, for salaries, wages, rents, and every other offering of one person for sale to or use by another. Working this thought through in its effect upon the whole state, and treating the people of the whole public of Arizona, as a com-

munity unit, to prosper and progress only to the extent that each individual of that unit is actually prospering, then the amount and aggregate of the entire drag upon that whole community of all

taxes and all other public burdens becomes a community matter. All are concerned in the amount of those burdens.

When the inter-related interests which exist as between the people of



# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription OCTOBER, 1925. 50 Cents

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Address all communications to the Secretary,  
503 Luhrs Bldg., Phoenix, Arizona.

Arizona, with the relations of sellers and producers of different communities so inseparably connected with the buyers and consumers of other communities, towns, cities and localities therein, that general prosperity of all depends upon an individual prosperity of each. Then it is forcibly apparent that the entire burden of carrying on all public activities in the state, is just as inseparably a matter of burden upon and concern to, the whole public. In direct relation to the local tax-collector, the taxpayer whose name is on the rolls pays the actual amounts which find their way into the treasuries of the state, counties, cities, and districts of the state. Anticipating and in preparation for such payment that individual taxpayer must arrange earnings, production, and incomes, from individual activities, that tax payment can be made. The most direct manner of such an arrangement is to earn more, get for production whatever the production may be, and in some manner forcibly increase the aggregate income from investments. The effect of that direct mode of reimbursement for taxes paid is felt through every artery

of the business relations existing between that taxpayer and the general public. What is true of one is true of every such direct taxpayer. The whole public is finally interested, for the simple reason that the whole public finally pays the whole cost of public activities for which taxes are raised and paid.

What is said in this article as to general public interest as to the aggregate of direct taxes, is equally true when applied to license taxes, fees, and other sources of revenues, which are collected for public purposes. When attention is given to an aggregate of \$17,685,369.00 of direct tax levies, the fact that other sources of revenue for public purposes to an aggregate of at least \$5,994,354.00 is collected annually, added to the direct tax aggregate as above given, and made available in connection therewith to defray the total cost of public administration of public activities in Arizona, should not be overlooked. The real aggregate of cost of government in Arizona includes direct taxes and other sources of revenues, an actual aggregate for the present fiscal year of over \$23,679,723.00. This is the real amount which the whole public must eventually pay for what it gets from the activities of the public agencies which it has and insists upon continuing.

When it is considered that the public of Arizona, numbering according to latest estimates, around 345,000 persons including 34,000 Indians not taxed, through their united energies are required to contribute at least \$23,679,723.00 of their earnings and incomes, directly and indirectly towards the support of the public institutions, public ac-

tivities, and publicly conducted business of the state, its counties, cities, towns, and other taxing districts. When it appears that the cost of all government in Arizona increased from \$21,264,308.00 in the last previous fiscal year to the \$23,679,723.00 or an increase of \$2,415,415.00 in a single year. When it is considered that several of the counties are still unable to cash their warrants, either through deficits of revenues actually collected, or through an excess of expenditures over amounts appropriated. When it is considered that several counties and cities have been forced to issue bonds to take up their outstanding indebtedness. When it is considered that thousands of individual items of taxes due are in fact delinquent to an aggregate of between four and five millions of dollars. When it is considered that on an average for the whole state, the tax rate is \$2.78 per hundred of valuation. When it is considered that in some of the counties, the total revenues collected for public purposes exceeds \$4.00 per hundred of assessed values of taxable property therein. All these things fully considered, it certainly appears that the public activities are increasing in cost faster than the present public can earn and pay.

Under present conditions, the public financial situation appears to be like an attempt to burn the candle at both ends, a situation requiring more than can be presently raised, and one in which the future is being bonded to make present ends meet.

A public financial condition imperatively demanding the serious consideration of all taxpayers—the whole public.

## INDICATIONS AS TO PULSE OF THE PRESS UPON TAX BURDENS.

*"Not a dollar should be taken from the people by taxation above what is needed for an honest and economical administration of public affairs. Bureaucrats, faddists, spend-thrifts and prodigal politicians have had their day. The day of prudence and sound economy in public affairs has dawned. The people do not live to be taxed nor do they want to be taxed to live. All they want is a square deal, and that they propose to have."*

(From The "Messenger" Phoenix, October 3, 1925.)

# THE PROBLEM OF HIGHWAY FINANCE

One of the most important committee reports which received the attention of the last annual conference of the National Tax Association was a report under the above heading. This report appears in full in the annual report of the proceedings of that association, and is quite exhaustive upon the subject of present demands for increased highway construction to meet the steady growth and development of motor vehicle travel and transportation. Just how fast the public has met the demand for better highways for motor vehicle use, appears from that report in construction figures there set out.

The report says: "How great have been the demands made upon the state by motor transportation is indicated by the following estimates of the annual highway expenditures of American federal, state and local governments, and exclusive of interest on highway indebtedness, from 1904 to date. Year 1904, \$80,000,000.00; year 1914, \$240,000,000.00; year 1917, \$280,000,000.00; year 1918, \$286,000,000.00; year 1919, \$390,000,000.00; year 1920, \$500,000,000.00; year 1921, \$947,000,000.00; year 1922, \$898,000,000.00; year 1923 \$940,000,000.00."

The magnitude of the cost of highway construction will be appreciated when the yearly expenditures above given are shown in the aggregate total of \$4,561,000,000.00 for the nine years specified, and from the further fact, that the same report is authority for the statement that during the year 1923, some 60,000,000 of dollars was paid out for interest upon highway bonds issued in the United States. And even with all this expenditure, and with the aggregate expenditure for highway construction including interest upon bonds, approximating nearly one billion of dollars per year, the committee concedes the fact that the public has been unable to accede to all demands for all roads, by some portions, sections, or classes of the public forced into the foreground as being of the most immediate importance, and for that reason to be first constructed. The committee deals with the situation under a subtitle of "economy in highway expenditures," where it says:

"No primary highway should be constructed or substantially improved until after an economic survey of existing and potential traffic, conducted by competent technicians, along lines developed by the federal bureau of public roads and the more efficient of the state highway commissions, has shown that the improvement is economically warranted and has indicated for what volume and character of traffic it

should be designed."

The rule that no highway should be constructed or substantially improved until after a scientific survey has shown that the expenditure is economically justified, should be strictly enforced and should be made the means of guarding against any unnecessary or unwise extension of existing transportation facilities beyond the reasonable needs of the state or its facilities for payment. It should constantly be borne in mind that one of the urgent needs of American government at the present time is for a reduction of tax load and a check to the expansion of government indebtedness, with its attendant evils of reckless expenditure, impaired credit, a flood of tax-exempt securities and the legacy to later generations of a debt-liquidation problem of serious proportions. The state and local governments should be on their guard lest in their well deserved enthusiasm for highways they carry their highway programs beyond their real needs or beyond their means for financing them.

Highway construction and improvement should follow a central and systematic plan, in order that individual projects shall eventually develop into a co-ordinated highway system instead of a haphazard collection of blind alleys and scraps. Once it has been decided, upon the basis of a careful survey, that a proposed highway project is immediately warranted by the traffic needs and potentialities, construction of its main framework, as rapidly as is consistent with the maintenance of competitive market conditions for bond flotations, labor, and materials, is economically urgent, since every mile of improved road adds to the value of the remaining mileage of improved road to which it is supplementary. Piecemeal construction often means wasteful gaps, which lessen the serviceability of what has already been built, trunk lines without feeders to bring traffic to them, feeders without access to trunk lines.

The inevitable consequences of local control of primary roads are piecemeal construction, inadequate and varying construction and maintenance standards, lack of co-ordination and the continuance of costly gaps in the system, excessive costs, because of lack of knowledge of recent developments and of the results of scientific tests and investigations. There should be state control of all roads which are not wholly of a strictly local character, serving merely the community in which they are situated. As population and motor traffic grow, more and more of what are now local roads will be absorbed into the state highway systems and

should come under state control or supervision. Even before local roads are placed under any degree of mandatory state supervision, the state highway departments should develop facilities for giving to local authorities in systematic fashion guidance with respect to most suitable road materials, mode and location of road construction, materials and labor prices, bond flotations for roads, maintenance standards, etc.

No highway should be constructed or improved without immediate provision being made for the necessary maintenance to keep it in first class condition. Adequate maintenance is necessary not only to make possible the complete and satisfactory utilization of the highways but also to preserve the original highway investment. The construction of expensive highways, which are then permitted to break up and disintegrate, because of a desire to "economize" on maintenance cost, is a highly wasteful procedure."

While it is impossible to reprint the entire report, the quotations above given and the report as a whole will stand as an endorsement of the policy of Arizona which was adopted by its first state legislature, that of using state highway funds for the construction of highways for the industrial purposes of the state. The recommendation found in the report, that new roads be determined upon, only after a "survey" for the purpose of ascertaining the real needs of the public to be served through such construction, is no more than a designation of the means to be used to accomplish the final result of constructing industrial highways. Admitting the situation to be that no state can immediately respond to all the traveling public in the demands made for highway construction, a situation which exists in Arizona as well as elsewhere, the economic problem of making such highways as are to be constructed, "pay for themselves", through benefits extended towards an industrial development of, for, and between the different communities of a state, connected by such roads, appears to be the one problem before the taxpaying public. Completed systems rather than piecemeal construction, is advocated by the committee whose report is quoted. It is self-evident that a line of highway which is demanded by the relations between two or more separated parts of a state, such a line as will build up and facilitate the trade, business, and incidentally the social relations, of portions of the public whose business depends upon such a means of getting from one such trade center to another, will not be a line of highway to meet that demand, except



the line be completed from one end to the other. The chain is no stronger than its weakest link, so a highway intended to link two portions of a state, will satisfy that intention, only when the entire distance can be travelled with substantial certainty and safety.

### EXISTING MORTGAGES UPON REAL ESTATE HELD TO BE PRIOR TO LIEN OF PERSONAL PROPERTY TAXES LEVIED THEREON

(Continued from page 3)

fault occurs are concerned, but it would be of no avail against the taxes for that year, because the mortgagee could not exercise his option to declare the mortgage due previous to a default in the payment of taxes. It is plain, therefore, that if the mortgagor should purchase a large herd of cattle, stock of merchandise, or other personal property, the taxes thereon would become a lien upon his real estate, and, if such lien be superior to the older one of the mortgagee, the latter's equity would be lessened to the extent of the taxes on this personal property, or perhaps totally destroyed; the fact that he could declare the mortgage due for failure to pay

these taxes and foreclose it furnishing him no relief against a lien for taxes which had already attached. Under such conditions no investment secured by a mortgage on real property would be safe, because the investor could not foresee whether the mortgagor would sell the land to one owning a large amount of personal property, or whether he would himself become the purchaser of such property; the taxes thereon in either instance becoming a lien on the property securing his investment. The Legislature can, of course, enact a law having this effect, but this court should not hold that it has done so until the language used by it discloses clearly that such was its intention.

The public revenue must be collected, and appellant urges that this cannot be done in all instances unless the construction claimed by her is placed on the statute, but, inasmuch as the county assessor is given the power of distraint, when in his judgment the taxpayer does not own real property within the county of sufficient value to pay the taxes on both his real and personal property, there would seem to be no force in this argument, for such a proceeding furnishes all the remedy needed for the

purpose of collecting personal property taxes. It is claimed further, however, that distraint would often work a hardship, and for this reason the officers should not be compelled to resort to it. This fact, however, if it be a fact, is not sufficient to justify this court in holding that one who has loaned money on land must pay the taxes on the personal property of the owner of that land regardless of the amount of those taxes or of the time when that property was acquired and the lien attached.

There is no question but that the statute places a lien on the real estate of a taxpayer for his personal property tax, and that such lien is prior and superior to all subsequent liens upon the same property, but, inasmuch as the statute does not make such a lien prior and superior to other incumbrances, it stands upon the footing of other liens, and is consequently inferior and junior to those in existence when it attached.

Since, therefore, the lien of appellee's mortgage upon the real estate in question had attached before the personal property tax lien thereon did, it is prior and superior to the latter, and entitles appellee to an affirmance of the judgment."

## Questions and Answers

**Q. In what manner and by whom can registered warrants of a county be used in payment of taxes, or county debts?**

**A.** The above question is quite specifically answered in the Arizona Code provisions which are quoted as follows:

"All warrants issued by the board of supervisors of any county shall be receivable in payment of all debts to such county, and all taxes assessed against property in such county. Upon the tender of any such warrant in payment of any such debt or tax, the county treasurer shall, if the warrant be less than the amount of such debt or tax, and be accompanied by a sufficient sum of money to make up the full amount of such debt or tax, credit the amount of

such warrant upon such debt or tax. if the amount of such warrant be greater than the amount of such debt or tax, he shall mark such debt or tax paid, and endorse the amount thereof upon the back of such warrant as a partial payment thereof, **provided that only the person named as payee in any such warrant shall be entitled to use the same in payment of such debt or tax.**" Particular attention is called to the last proviso in above law. 'Only the person named as payee in any such warrant,' can use a warrant in payment of that payee's taxes. This provision harmonizes with constitutional provision requiring all state taxes to be paid into the treasury in cash, which, if registered warrants were to be the subject of transfer to enable any holder to use them to pay taxes, would result in speculation in such

warrants, and in counties where through deficits in revenues, many warrants are outstanding and registered, the use of them might put the county treasurer in a position of being unable to remit to the state treasurer "cash" for payment of state taxes to that treasurer. Having in mind that taxes are all payable at one time, state, county and special taxes. Hence the use of warrants for payment of taxes is confined to such use by the person whose debt against the county has been audited and a warrant issued to him or her therefor. The Magazine is informed that many of the County Attorneys of the state concur in the above answer, and that the office of the Attorney General has recently advanced an opinion in harmony therewith.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME TWELVE

PHOENIX, ARIZONA, NOVEMBER, 1925

NUMBER ELEVEN

## A PYRAMID OF DIRECT PROPERTY TAXES AS LEVIED ANNUALLY IN ARIZONA SINCE STATEHOOD

Year	Total Taxes All Purposes	Average Tax Rate Per \$100.00 Valuation
1913 .....	\$ 5,550,302.98	1.505
1914 .....	\$ 5,759,344.58	1.408
1915 .....	\$ 6,823,686.06	1.6215
1916 .....	\$ 6,739,942.45	1.4039
1917 .....	\$ 9,562,941.13	1.371
1918 .....	\$ 9,999,909.52	1.199
1919 .....	\$ 13,668,592.87	1.60
1920 .....	\$ 15,437,983.88	1.75
1921 .....	\$ 17,431,558.85	2.10
1922 .....	\$ 14,617,163.08	2.00
1923 .....	\$ 16,211,177.36	2.32
1924 .....	\$ 15,155,806.09	2.33
1925 .....	\$ 17,685,369.00	2.76

The figures of the above table are taken from reports and records of the State Tax Commission and show year by year the aggregate of all state, county, city, town, and special district direct property taxes levied in Arizona during the thirteen years of statehood. It shows the revenues provided through taxation for the support of public activities, to which in each year there has been added revenues from other sources to meet required public expenditures. The annual amounts of these other revenues do not appear above, but it is enlightening to know that in addition to \$17,685,369.00 of direct taxes levied upon 1925 rolls, there are anticipated other public revenues amounting to over \$6,000,000.00, making nearly \$24,000,000.00 provided for purposes of public expenditure in the current fiscal year of 1925-1926.



## EDITORIAL COMMENT

### Guard the Collection of Taxes Upon Personal Property

In a recent issue of the Magazine the attention of our readers was called to a decision of the Supreme Court of Arizona which holds that the lien of taxes upon personal property which attaches to real estate owned by the same taxpayer is subordinate to the lien of existing mortgages upon such real estate. The importance of that decision should not be overlooked by county assessors when the work of preparing the tax-rolls for a new taxing year commences. The Magazine did not, in the publication of the decision, comment upon the practical effect thereof upon the collection of personal property taxes which are levied as such for state, county, city, and district purposes throughout the state. Since the publication above referred to, attention has been called to a number of instances where the amounts of personal property taxes have been assessed to the owners of real estate, and where the entire value of such real estate, or its real cash value over and above existing mortgages thereon, is not of a value sufficient to afford any protection to the public as to the collection of the personal property taxes so levied. That is, an existing mortgage, unpaid taxes of previous years, equal the value of the real estate, and any lien of personal property tax apparently existing to secure the payment of those personal property taxes, is a lien in name only, but not a lien of real security.

The attention of readers may be called to the fact that the personnel of the assessors of the various counties of the state is to the Magazine well known. Without known exception each assessor has conscientiously and with ability attempted to perform the duties of that office. So the suggestions of this article should not be taken as to be any reflection upon any assessing officer of the state, but as being suggestions to become of possible aid to such officers in their intent to do full justice to the duties and obligations of their offices. If the public should lose any amount of taxes, through lack of security for personal property tax already imposed as a lien upon real estate, that loss so far as the past goes, will be the result of following the practice which has prevailed in Arizona at least since the present

revenue laws were enacted, of letting personal property taxes ride uncollected, and for payment when taxes of real estate owned by the same taxpayer were paid. The danger of any resulting loss thereby has not been appreciated either by officers or the public until the recent supreme court decision. The manner of handling the collection of taxes upon personal property will need to be changed to conform to the decision.

The statute which relates to the collection of personal property taxes reads as follows:

"The county assessor in each of the several counties of the state, when he assesses the property of any person, firm, association, company, or corporation liable to taxation, **not owning real estate within the county of sufficient value in the assessor's judgment to pay taxes on both the real and the personal property of such person, firm, association, company or corporation, shall proceed immediately to collect the taxes on the personal property so assessed;** provided, that personal property in transit or temporarily in a county shall not be assessed therein, but where the owner is domiciled, and if said owner shall neglect or refuse to pay such taxes, the assessor, or his deputy, shall seize sufficient of said personal property to satisfy the taxes and costs, and shall post a notice of such seizure, with a description of the property, in three public places in the county, one of which shall be in the precinct where it is seized and shall, at the expiration of three days proceed to sell at public auction, at the time and place mentioned in the notice, to the highest bidder, for cash, in lawful currency of the United States, a sufficient quantity of said property to pay the taxes and expenses incurred; provided, further, that if the owner of the property seized shall give bond with sufficient security, to be approved by the assessor, or his deputy, and in an amount sufficient to cover the amount of the taxes due and the costs incident to seizure, the said property shall be released to said owner and for this service the assessor shall be paid a fee of three dollars and the same mileage as is allowed by law to the sheriff of the county, all of aforesaid moneys to be by him paid into the

county treasury. Upon the payment of the purchase money, he shall deliver to the purchaser of the property sold, the property with a certificate of the sale, of the amount of taxes, and of the assessment, and of the expenses thereon, for which the property was sold; whereupon, the title of the property so sold shall vest in the purchaser. If, in any instance, the county assessor shall be unable to find, seize, and sell sufficient of the property of such person, firm, association, company, or corporation to pay such taxes and cost of sale, and such person, persons, company, or corporation shall neglect or refuse, on request of assessor, to pay the same, or neglect or refuse to turn out property sufficient to pay such taxes and costs of sale, it shall be the duty of the assessor to go before any court or the judge thereof having competent jurisdiction, and make affidavit to the fact of assessment, the amount of taxes, the inability to find and seize property sufficient to pay such taxes and costs of sale, and the fact of neglect or refusal to pay the same or turn out property sufficient to pay the same and costs of sale; and on the filing of such affidavit the court or judge, or justice of the peace, as the case may be, shall issue a citation ordering the party to appear forthwith, or at a subsequent period, not to exceed five days, before such court, judge, or justice of the peace, to answer, under oath, concerning said party's property. Such citation may be served by the assessor, the sheriff, or any constable of the county, and shall be served by delivering a copy thereof to such party personally, if he can be found, if not, by leaving a copy at his residence or place of business. On examination, if it shall appear that such party has any money, goods, chattels, or effects, the judge or justice of the peace shall order sufficient thereof to be turned out to the assessor to satisfy such taxes and costs of sale, and also costs of proceeding on the citation; and in case of wilful neglect or refusal by such party either to obey the order of citation, or the order to pay or to turn out property aforesaid, such party shall be deemed in contempt of such court, judge, or justice of the peace, and may be proceeded against as in other cases of contempt in

civil cases in the courts of justice in this state. For services, under the provisions of this section, such fees shall be allowed as for similar services in civil cases, to be collected only from parties owing such taxes, and be paid into the county treasury, in other respects than herein provided, the proceedings under this section shall be conducted as provided in the civil practice of this state regulating proceedings supplemental to execution, and in case it appears from the affidavit of the assessor that such person owing such taxes is about to abscond from the county, or is about to convey his property with intent fraudulently to evade the payment of such taxes, in such cases the citation herein mentioned may direct the officer serving the same to arrest such party and bring such party before the court, judge, or justice of the peace issuing the same. It shall not be lawful for a party served with the citation mentioned in this sec-

tion to sell or transfer such party's property or effects so as to defeat the collection of taxes mentioned, or the costs, or any part thereof, and any person or persons so doing shall be deemed guilty of a misdemeanor, and should the said taxes fail to be collected by such process, then no future liability shall attach to said assessor therefor. All excesses over the taxes and cost of the proceeds of any such sale must be returned to the owner of the property sold, and until claimed, must be deposited in the hands of the county treasurer, subject to the order of the owner, his heirs or assigns. The unsold portion of any property may be left at the place of sale at the risk of the owner. The assessor shall be governed as to the amount of taxes to be collected by him on the aforesaid personal property by the state and county rate of the previous year.

When the rate is fixed for the year in which such collection is made, then,

if a sum in excess of the rate has been collected, such excess shall not be apportioned to the state or the county, but the whole thereof shall remain in the county treasury, and must be repaid by the county treasurer to the person from whom the collection was made, or to his assignee, on demand therefor."

The foregoing provisions of law are given for the purpose of advising such of our readers of a situation which may confront them in connection with the next tax levy and assessment upon personal property. Under the court decision and above law cases may arise in which collection of personal property taxes may become an imperative duty of county assessors. Taxpayers should be prepared to meet such payments, in cases where the value of their real estate, over and above real estate taxes, or over and above existing mortgages is not of value sufficient to secure the payment of personal property taxes.

## PEOPLE SHOULD PLAN FOR PROSPERITY

Ever since statehood the people of Arizona, through their own elective actions directly, and through actions of the several legislatures, have provided the funds with which to build up all classes of educational institutions, the university, the teachers' colleges, formerly the normal schools, high schools and all branches of the grade or common schools. Through direct legislative appropriations, through bond issues of school districts, and from other sources of revenues, millions of dollars have been invested by the people of Arizona for the purpose of establishing as a firm foundation for progress an educational system which ranks among the highest when compared with similar systems in other states. The people of Arizona realized through bitter experiences of early pioneer days, the stabilizing effect which proper education of the growing youth, will have upon perpetuating the ideas of freedom, liberty, and general welfare of that people. There can be no doubt that an educated people, a people whose education has taught them as individuals, to know the truth. To distinguish as between what may be few thoughts, and new efforts directed towards a better world, a happier and contented public, and old and through experience discarded similar ideas, which former ages have tried out and found wanting. The history of former

attempts towards the development of civilization itself, the experiences of the past with attempts to develop the sciences, the arts, and all the allied and connected aims and purposes of the peoples which have passed away, have paved a highway of successes and failures, ripe with the teachings of experience, as a guide to the present people, to hold to and build up and from everything which has proven of worth to the ultimate perpetuity of real progress, with experiences of failures and defeats, existing as wrecks along that highway of progress, to be avoided in the present and the future if the goal of success is to be ultimately reached through the united efforts of a determined people. "All is not gold that glitters," and real education of individuals and of the public of which each individual is to be a unit as a factor of control to the end of perpetuating true American ideas of a self-governing people of freemen, means no more and no less than giving to those individuals a means of surely separating the grains of golden truths from the glitter of what may be false, though more alluring to the uneducated.

### Arizona Has Planned and Built to Meet All Present and Near Future Needs of Its Institutions.

So it is that after nearly thirteen years of statehood, the people of Arizona are to be congratulated as to their

determined purpose of giving sincere support to the educational institutions of the state. The numerous and massive buildings which mark the spacious campus grounds of the state university. The hearty response of legislative bodies which has resulted in the erection of splendid buildings for the purposes of the normal schools; the voluntary action of the people who have bonded their property, their spacious, well-equipped, and thoroughly modern common and high schools, now greet the eyes of strangers within our gates, all standing as monuments of the intention of the people of Arizona to educate their children, and do so as the first indispensable step towards real and lasting progress of the people.

Further planning for progress, the people of the various counties of the state, have liberally bonded, that mile after mile of improved highways might be constructed. Over forty-five millions of dollars have been expended upon the highways of this state, since statehood. Of this amount practically one-half was raised by county bond issues. The people through their legislatures, adopted the plan of using state highway funds for highways to be constructed for "industrial development" of Arizona, and after over twelve years of operation under that plan, through co-operation of state officers with federal officers, and a concert of action

(Continued on Page Six)



# MOTOR VEHICLE TITLE LAW WILL COST THE TIONAL EXPENSE OF COUNTY

Responding to repeated inquiries from taxpayers in all parts of the state, as to the purposes, possible benefits and cost of the new "Motor Vehicle Title Law," we called at the office of the Secretary of State, for such information outside the law itself as could be obtained in answer to such inquiries. The Secretary responded to this call in a letter containing an itemized statement covering the financial end of the subject. The statement being of items as to amounts of fees received, and disbursements and liabilities up to the date of the letter. That statement includes what has been disbursed by the Secretary, items of liabilities incurred but not yet paid, together with the Secretary's estimate of the cost in that office of putting the law into effect and enforcing it for the first year, also an estimate of probable receipts from fees for that period. The letter and statement are published in full as follows:

Phoenix, Arizona,  
2 NOVEMBER 1925.

Honorable Rudolph Kuchler, President, State Taxpayers' Association, Phoenix.

Dear Sir:

In response to your request for a statement of expenditures required in carrying into effect the provisions of the Motor Vehicle Title Law, Chapter 78, passed by the Seventh Legislature, 1925, also the estimated receipts that will be derived from the same.

Your association is undoubtedly familiar with the efforts and recommendations of the National and State Automobile Associations, also Secretary Hoover of the United States Department of Commerce, that each state should have uniform Motor Vehicle Laws that would have the effect of—

PREVENTING OR LESSENING  
AUTOMOBILE THEFT, CURB  
RECKLESS and INCOMPETENT  
DRIVERS, KEEP ACCURATE  
CHECK ON SECOND HAND  
DEALERS OF AUTOMOBILES.

The Certificate of Title Law passed by the last legislature is similar to that

as adopted by some 28 other states and was enacted as a protective measure only and not as a revenue measure.

The Certificate of Title does not have to be renewed unless the car is sold or transferred to another person.

The Operators' Permits do not have to be renewed and are issued to drive any and all cars as long as the operator lives in Arizona.

In making arrangements for the carrying of this law into operation, it has been necessary to consider the time prompt service, correct and economical manner of handling the Certificates of Titles to motor vehicle owners in the State, to avoid, if possible, congestion and at the same time keep the filing and preparing of a six-way index as the other work progresses, purchase of supplies and equipment based on at least a year's supply in advance in order to take care of the growth of the auto industry.

The following statement includes all labor costs and such bills as have been paid to date:

SALARIES FOR LABOR				20000 Embossed Letter Heads and Envelopes (Special)			
June, 1925—1 man checking foreign licenses (including use of auto)	\$	50.00			448.25		5,130.11
July, 1925—1 man checking foreign licenses (including use of auto)		175.00		POSTAGE			
1 man checking foreign licenses		150.00		Sept. 28, 1925—Claim No. 65, Check 120	\$	2,500.00	
Aug. 1925—1 man checking foreign licenses (including use of car)		175.00		Oct. 14, 1925—Claim No. 4, Check 2		200.00	
1 man checking foreign licenses		150.00		Oct. 20, 1925—Claim No. 7, Check 25		200.00	
Sept. 1925—1 man checking foreign licenses (including use of car)		175.00		Nov. 9, 1925—Claim No. 66, Check 121		19.45	2,919.45
1 man checking foreign licenses		150.00		TRAVEL			
Oct. 1925—1 man checking foreign licenses (including use of car)		175.00		Claim No. 46, Check No. 100			
1 man checking foreign licenses		150.00		Claim No. 48, Check No. 102	\$	285.84	\$ 285.84
Extra clerical hire (office)		67.50		STATIONERY AND SUPPLIES			
Oct. 1925—1 man checking Second dealers (including use of car)		175.00		Claim No. 87, paid by Check No. 152		68.15	
3 men County Assessor's office		450.00		Claim No. 81, paid by Check No. 136		281.15	
16 extra office clerical hire		2,400.00		Claim No. 9, paid by Check No. 38		98.50	447.80
1 Cashier		200.00	\$ 4,317.50	FURNITURE AND FIXTURES			
PRINTING				Claim No. 85, paid by Check No. 150:			
Display ad in 41 newspapers to auto owners	\$	446.47		2 Typewriters, exchange	\$	110.10	
Claim No. 10, paid by check No. 39:				Claim No. 84, paid by Check No. 149:		75.00	
500 Applications for S. H. Dealers' License)				1 Envelope Sealer, Model G.			
500 applications, Dep. S. H. Dealers' License)				Claim No. 83, paid by Check No. 148:		39.00	224.10
1000 S. H. Dealers' License, 1925		58.00		2 Linetimes			\$ 13,324.81
1000 S. H. Dealers' License, 1925				ESTIMATED UNPAID BILLS			
500 Sup. Dealers' License (2 colors)				SUPPLIES:			
Claim No. 6, paid by checks 24 and 37:				Unpaid Bills	\$	32.20	\$ 32.20
15000 Motor Vehicle Law		721.00		FURNITURE AND FIXTURES			
Claim No. 47, paid by check No. 101:				Twenty-five Steel Filing Cases		2,068.75	
100000 Applications for Title		505.05		Carpet and Laying		269.56	2,338.31
Claim No. 64, paid by check No. 119:				PRINTING			
200000 Motor Operators' Blanks				Four Cash Books		204.50	
(Copy for Sec'y State's Office)				Fifty Thousand Motor Vehicle Laws		1,600.00	
200000 Motor Operators' Blanks		614.75		252,000 Operators' Application Blanks		1,638.00	
(Copy for County Assessor)				232,542 Envelopes		734.83	
Claim No. 68, paid by check No. 123:				200,000 Operator's License Cards		1,246.10	
3000 Applications for Motor Numbers		17.50		65,000 Letters of Instruction		570.00	
Claim No. 76, paid by check No. 131:				80,000 Duplicate Index Slips		115.35	
25000 Motor Vehicle Blanks		120.70		15,000 Money Check Tags		15.00	
Claim No. 96, paid by check No. 159:							
101576 Certificates of Titles		2,198.40					
Claim No. 93, paid by check No. 158:							

# NA PUBLIC \$47,605.20, NOT INCLUDING ADDI- ORS, IN ENFORCING THE LAW

5,000 Duplicate Claim Blanks	36.10	65,000 Cars, September 30, at \$1.00	\$ 65,000.00
200,000 Copper Tags	5,750.00	200,000 Operators' Permits, at 50c	100,000.00
		500 Second Hand Dealers, (Estimated) at \$5.	2,500.00
		10,000 Transfers of Title, at \$1	10,000.00
ESTIMATED SALARY AND OTHER EXPENSES IN CARRYING LAW INTO EFFECT.	20,000.00	ESTIMATED RECEIPTS, OR MONEY THE STATE WILL RECEIVE OVER ALL EXPENSES	129,894.80
ESTIMATED MONEY DERIVED FROM OPERATION OF MOTOR VEHICLE LAW:	\$ 47,605.20		\$177,500.00 \$177,500.00

The above estimated amount of \$47,605.20, necessary to carry this Law into effect, does not include any expense that may be incurred by any of the various County Assessors in the issuance of the Operator's Permits.

Should you desire additional information, we shall be very glad to serve you at any time.

Yours very truly,

(Signed) James H. Kerby,

Secretary of State.

P. S. I would be pleased to have you look over my Office and see the manner in which this work is being carried on in all it's detail in order that your Association may be fully informed that the interest of the State and Taxpayers at large are being safeguarded.

(Signed) James H. Kerby.

This Magazine has always opposed laws which grant to heads of any office created for any public purpose, unlimited powers of discretion as to what shall be the scope and extent of administering a public activity; has likewise opposed legislation which grants to any officer or department power to expend without limit, in conducting the activities of such office and department. The history of the legislation covering those laws which formerly existed and granted such powers, is a history of final repeal thereof. This particular law goes back to the old and heretofore discarded policy of creating unlimited powers, and permitting an unlimited use of funds to execute discretionary powers so unlimited. If from an examination of the actual cost of administering the law, coupled with such knowledge as to what is included in that cost, as may be within the minds of our readers in connection with notices, letters, communications, publications, and other details encountered by each owner of an automobile, the estimated cost—\$47,605.20—of administration in connection with the law, speaks for economy, then there may be good reason for a law granting such powers without limit. At least a considerable number of individuals in the public are of the mind, that the efforts

of the Secretary of State to enforce the law have already entailed too much expense. And while the primary intended effect of the law may not have been for "revenue," yet the legislature did have in mind a possible revenue to the state road fund, from the fees collected, when it provided that the residue of fees collected after paying expenses, should go to that state fund.

It is of no immediate importance as to who may have been the author of the Certificate of Title Law. It is certain that the Secretary of State in a report to the Governor, of date January 2, 1925, did recommend, an "Abstract of Title as a requirement for the issuance of Motor Vehicle Licenses." Just why the activities connected with carrying that law into effect, after the Legislature enacted such a law, required a circularizing of automobile owners, in the form of a letter from a former officer of the Automobile Association of Arizona, (now a resident of Chicago), therein absolving the Secretary of State from being its author, is not clear to inquiring minds. The legislature enacted the law and is responsible for its provisions. At this time the Secretary of State is responsible only for activities and expenses connected with giving it effect.

The figures of estimated expense as appear above include a "salary list." Some twenty persons have been engaged for special purposes connected with different phases of the law. This Magazine has always been for economy. It has at all times had in mind the convenience of the public in connection with regulatory measures like the law now discussed. The county assessors of each of the fourteen counties are still burdened with the labors of issuing automobile licenses; each of these assessors have been burdened with extra duties particularly incident to the issuing of driver's licenses, and the relation of certificates of title to those duties. If the public—automobile owners—had been apprised of the fact, and with real co-operation on the part of the Secretary of State, those owners would have

known that their certificates could be obtained through the office of the assessor of their respective counties. The assessors could have been provided with assistants at the expense of the funds received from fees. The public could have been just as efficiently served at home. The same argument which supported the change as to issuing automobile licenses and took from the Secretary of State the duties, and required such licenses to be issued by the county assessors, including elements of less cost with greater convenience to the public. Would be an argument which would again speak for economy if the labors of issuing certificates of title to automobiles were distributed to the County Assessors rather than practically confining the work to one office in the Capitol at Phoenix.

The Secretary of State estimates a total revenue from the law of \$177,500.00. These figures include an average of over three drivers for each license for each automobile. The Magazine believes this estimate is excessive.

With the taxpayers of Arizona burdened as they are with high taxes and large expenses connected with governmental activities in the state, it is to be regretted that a law has been placed in effect which will still further burden the public with fees and expenses, for purposes which will be of no substantial benefit to anyone. The Certificate of Title to an automobile although issued by the Secretary of State under official seal is no real evidence of the facts as to title. The records of county recorders, with such filings as must still be made in these offices, remain as real records in which persons must look for real evidence as to Title of Automobile regardless of what may appear in the Secretary's Certificate of Title obtained under the new law.

NOTE—Since writing the above article, the Attorney General has given an opinion that owners of cars are not required to pay a fifty-cent fee for a "driver's license." This will reduce the Secretary's estimated revenue by at least \$32,500.00.



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription NOVEMBER, 1925 50 Cents

### OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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## PEOPLE SHOULD PLAN FOR PROSPERITY

(Continued from Page Three)

between state and county officers, Arizona has a system of highways already constructed, which serve the major portions of its people, connect with passable and safe highways all of the larger towns, cities and communities of the state, with other portions thereof and places therein, and at the same time relieves the trans-state travelers of their former dread of highways of desert sands.

Our cities and towns have responded to demands for lights, for water, for sewers, and for paving of streets, have acquired sites for public playgrounds and parks. In so doing have to a large extent, made provisions for present needs, and anticipated future needs which may arise through increased populations with increased demands therefrom. The people have again planned for progress in the manner in which funds have been provided for public purposes named above, and

many others, deemed necessary for public welfare.

The civic pride of the people of Arizona has not been lacking in purpose to put its public institutions, its public buildings, its highways, and all of the various public activities existing in the state, upon a par with advanced ideas of older, richer, and more populous states, and the cities, towns, and communities thereof. Arizona expects to prosper. Arizona expects to progress. Arizona expects to take its place in the top ranks with sister states. To accomplish those expectations its people have planned for progress.

### Arizona a Land of Natural Opportunities and Vast Values of Undeveloped Resources.

The people of Arizona, better than any other, realize that the state is a land of possibilities. That people fully realize that nature has endowed the state with countless opportunities for individual successes and attainments. That people have through its activities in public endeavors, prepared the way in such manner as to appear attractive, and which should prove so to the countless thousands of people of other states who are looking for opportunities—for an individual gold spot at the end of the rainbow of promise.

There is one element which has been lacking in the whole plan of progress. When all has been said, when all plans have been carried out. When not to be surpassed educational opportunities have been created as one attraction to possible new homebuilders, and new investors, and new citizens for Arizona. When excellent provision has been made for travelers who would perhaps investigate the natural opportunities which nature itself has sprinkled in the hills and valleys and through rugged mountains, and vast mesas of lands which have been and may yet be made into productive agricultural lands through feasible and not prohibitively expensive irrigation and reclamation projects.

### Are Present Tax and Other Public Burdens Weak Links in the Chain of Progress for Arizona?

When the people of Arizona prepared the feast of promised opportunities and extended an invitation to the world to partake thereof, it may have overlooked what, to those who might otherwise accept that invitation, might become the real deciding factor for or against an acceptance. The people of Arizona have planned for progress, have expended millions of dollars consistent with such plans, but that people

must at all events regardless of whether such plans carry through to realization, carry the present and future costs of those plans. Newcomers will come and find those burdens of cost to be shared by them, in common with the people now here. If for any reason it should become apparent that the cost has become an aggregate amounting to too much of a burden; or, if it should become apparent that the existing opportunities which without the future burdens of cost of past public projects, improvements, and continued public activities could be accepted and worked out to individual profit, and cannot be so worked out to similar results for reason of public burdens already imposed as a blanket over all private activities, then it may be said, and said truthfully, that a weak link exists in the chain. That weak link embodied in the slogan of this Magazine: "Economy in the Expenditure of Public Money." Not such an economy as would be so close as would prevent the expenditure of public funds for the real and indispensable needs of progress, but such economy as would have been, or will be, consistent with a proper provision made for the needs of a present public in Arizona, with well considered, conservatively rather than speculatively, anticipation of the near future as present needs of the public may become increased through a realization of all other plans which the public has made for progress and development of our state.

The final analysis of the whole situation by possible new comers to our state, will be, **can they make good.** Can they accept any of the opportunities for making good, and thereafter carry the required share of public burdens thereon in addition to all other uncertainties which attend upon any new private financial venture, and eventually put that venture in condition to show a profit.

### Any Existing Weakness in Plans of Progress Should be Eliminated Through Economy.

If there exists such conditions in Arizona, that the public burdens upon the people when considered by outsiders, may become a retarding factor against those outsiders joining for the progress of the state, then the very first action of our people should be **to get together, and as earnestly and persistently as they have pulled together in connection with past efforts and plans for progress, and plan and develop and put into effect united efforts for economy.** Progress follows individual prosperity. Public progress follows from an effort of general individual prosperity. The plans

and purposes of public activities should not be or become so elaborate and expensive, as to make the private burden of expense required to support those activities, so burdensome in fact, that individuals facing the possibility of such burdens, cannot see prosperity for themselves, regardless thereof. Where

the individuals of the whole public whose united activities must support the burden of carrying on and paying for all public activities, cannot carry on and prosper, then any existing plans or policies having a purpose of general public progress have a weak link. A rule of economy must be inserted into

such plans. Economy as to what public activities are to be continued. Economy as to actual use of public money when applied to necessary public activities. Economy connected with it all, consistent with the real present ability of the taxpaying public to pay public burdens, and at the same time privately prosper.

## AN "EMERGENCY APPROPRIATION"

The 1925 Legislature passed an "emergency" appropriation as follows:—

"Section 1. There is hereby appropriated from the General Fund of the State of Arizona, not otherwise appropriated, the sum of Two Hundred Seventy-Five Thousand Dollars for the use of the University of Arizona for emergency construction and equipment on the campus of said University that the University might be prepared to care for the increased student enrollment.

Section 2. The moneys appropriated by this act shall be placed to the credit of the University of Arizona for the improvement, support and maintenance of the University of Arizona upon the passage of this bill and its approval by the Governor, and the State Auditor is hereby authorized to draw his warrants upon the State Treasurer for the payment of the same.

Section 3. WHEREAS, an urgent necessity exists for the appropriation of funds to pay for the immediate continuing construction, and the provisions of this act are necessary for the development of said University and the preservation of the Public peace and health and safety, an emergency is hereby de-

clared to exist, and this act shall be in full force and effect from and after its passage and approval by the Governor and is hereby exempt from the provision of referendum provided for in the State Constitution."

The emergent need of funds to provide funds which the above bill was passed, may be told in the following:—  
"Bids For New Gym at University to be Opened Nov. 20.

University of Arizona (Tucson), Oct. 30.—Bids for the new gymnasium for the men of the University of Arizona have been advertised for November 20, and the contract for the building will be let soon after in a meeting of the board of regents, it was announced recently at the University.

The new gymnasium will be 120 feet wide and 220 feet in length, and is large enough for three basketball courts, with room enough to accommodate several thousand spectators. The gym will also be used for holding student-body social functions.

In the basement of the building will be located the lockers, showers, visiting team dressing rooms, and an auxiliary gym for boxing and wrestling. It is

hoped that the shell of the building will be ready in time for varsity basketball season in February." (From Arizona Republican Oct. 31, 1925.)

If the public will turn back to the time when the legislature acted in making the above appropriation, and refresh its memory as to the then existing state of the funds actually in the treasury it will be remembered that the above appropriation together with the expenses of the legislative session, would have exhausted the treasury of cash funds. The public will remember that an issue of "tax anticipatory bonds" was made to supply funds to avoid an excess registration of state warrants. Under the existing laws and policies of the state, there is no doubt of legislative power to enact emergency measures which include appropriations. Under those same laws there is no doubt but what the board of regents have full and exclusive power to use appropriations so made and determine what "Emergency construction and equipment on the campus of the University that the University might be prepared to care for the increased student enrollment."

## Review of Figures of Direct Taxes in Arizona Since Statehood

For one reason and another, and from some cause or another the direct property taxes levied in Arizona have increased from a total of \$5,550,302.00 as the total levied and collected in 1913, to a total of \$17,685,369.00 levied and to be collected upon the tax-rolls for the present year, 1925. The assessed valuation of property in the meantime has increased from \$375,862,414.66 for 1913, to the aggregate of \$640,855,555.00 for the present year. The aggregate of direct taxes has more than doubled; the assessed valuations of property has not doubled in the same period.

The assessing officers have applied the same rule of measuring values to arrive at the total values of taxable property in year 1925, as was provided for use in arriving at values during the preceeding years.

For the benefit of those to whom tax rates per hundred are still considered as the measure of increased taxation, the table shows that the average rate per hundred of valuation in 1913, was \$1.505 in 1913, increased to 2.76 per hundred in 1925, as averages spread over the whole state as to taxes raised for state, county, city, town, school dis-

trict, and other district taxes.

The figures tell the story that the wealth of Arizona has not increased any where near as the demands of the public for tax raised funds to support governmental activities has increased. The state legislatures have responded in making appropriations for the upbuilding of an educational system in Arizona, including hundreds of thousands of dollars for buildings, grounds, and improvements of the various state educational institutions; the legislature has responded liberally towards according to the demands of localities of the public



for special appropriations for particular bridges, particularly expensive portions of highways, as well as continuing the ten cent state road tax levy. The legislature has created commissions for this that and the other purpose with an idea of fostering and protecting different classes of private enterprises and activities. All of the counties of the state have bonded and many re-bonded for highway construction. School districts have "modernized" school grounds and school buildings, have followed the trend of improved educational ideas, almost without limit as to the reflected cost thereof to taxpayers. Without imputing any but the highest ideals to the public of Arizona. Granting that the underlying motives for all that has been done through governmental activities, were motives to the end of progress and development. To the end of prosperity for the citizens of Arizona. To the end of attracting more and more of an increased migration of people from other states to become actors in a continued up-building of this state. Conceding all this to have been an honest purpose, and prompted by the persistent endeavor of Arizona to have the best of everything possible for the increased welfare, happiness, and contentment of its public, that concession may be made, and still that same public must face in increased tax-burdens the cost of its efforts.

Nor can an amount of over six millions of dollars of "other sources of revenue" which is added to the seventeen million six hundred and eighty-five thousand dollars of direct taxes, to produce a total of nearly twenty-four millions of dollars which the public of Arizona is contributing to its governmental activities of the present year, a six millions of dollars—not to be overlooked when looking at the financial cost of it all.

Nor again, can the public escape the burden of the future which that public has through self-imposed bond issues, to an aggregate of nearly 45,000,000.00 of dollars of strictly public bonds, which does not include other quasi public debts of a character similar to public bonds, such as irrigation district bonds, liens upon reclamation projects and the like, and which burdens have been already created for an inescapable future payment by future publics of Arizona, all existing as a present pledge for future payment by taxpayers who may then become the owners of the lands, and other permanently existing properties as then exist, and of which the amount of \$640,895,855.00 is the taxable wealth value of the state today. Whether public burdens increase or decrease in the aggregate of dollars required to carry those burdens, private energies, private enterprises, and the individual units of the present, the immediate future, and a more remote future, must each in turn discharge those burdens.

It is not the intention of the Magazine to discourage an optimistic public, its readers. It does not desire to be classed among the so-called pessimists. There may be those among the public who oppose any kind of public expenditure which involves an increased tax, to whose eyes and vision no future possible benefit to the public can be seen when the question of immediate tax-dollars to be paid, intervene. This Magazine certainly is not of such a class. Having before it the results as appear in carefully prepared tables, so prepared from authentic records, and taken from official reports, the Magazine feels that it can caution the public, that it can present a financial balance sheet of public finances, and therewith suggest a future course of conservatism, of such economy in promoting of new public ventures,

new bond issues, and, in general, both conservatism and economy as to be applied to public activities which require financial support through direct taxes and through the collection of other sources of public revenues, as will result in confining such new ventures, new activities, and in continuing present ventures and present activities, within the bounds of lines of limit as established when the actual figures of increased taxes and other revenues, are connected with the official figures of real taxable wealth of the state, covering a period of thirteen years, and after considering the extent to which public endeavors, with the increased cost thereof, have during such period increased the financial ability of the public to pay present costs, or the ability of the present public to incur additional burdens.

The public is cautioned to stop, look and listen. To look ahead. To consider what is surely in store for future liquidation with public money raised through private endeavors. To take stock of present conditions, to be careful and prudent, rather than recklessly speculative as to near future change in those conditions. This is all that the Magazine has in mind in this and other articles which appear in its columns.

The smallest craft on the ocean may be manned by sailors of knowledge and experience, whose knowledge of dangerous reefs may be so sure, that their warnings to the most majestic liners, of hidden dangers in the course pursued, might be heeded or at least graciously received. Such warnings would at least be welcome to all who had the ultimate safety of the ship at heart, and intent upon its pursuing a true course to its ultimate destiny. Only to those of less honest purposes as to final and successful voyage would accuse the warners of being meddlers, or with any attempt at interfering with progress.

#### SUMMARY OF TAXES FOR ALL PURPOSES—COMPARATIVE STATEMENT—1913 TO 1925, INCLUSIVE

YEAR	Final Net Valuation	Total State Taxes	General Co. Taxes	Special District Taxes	City and Town Taxes	Total Taxes All Purposes	Ave. Tax Rate per \$100 Valuation
1913	\$375,862,414.66	\$1,860,518.95	\$2,557,517.87	\$ 574,894.41	\$ 557,371.75	\$ 5,550,302.98	1.505
1914	407,267,393.11	1,812,339.89	2,545,564.84	679,472.16	721,967.69	5,759,344.58	1.408
1915	420,532,411.90	2,270,875.02	2,992,595.58	786,034.97	774,180.49	6,823,686.06	1.6215
1916	486,406,518.50	1,945,626.07	3,099,301.45	837,966.46	857,048.47	6,739,942.45	1.4039
1917	697,526,619.68	3,731,767.41	3,551,816.92	1,191,870.15	1,087,486.65	9,562,941.13	1.371
1918	834,020,532.22	3,252,680.08	4,172,973.05	1,294,684.51	1,279,571.88	9,999,909.52	1.199
1919	855,224,720.93	5,131,348.32	5,026,881.62	2,065,102.37	1,445,260.56	13,668,592.87	1.60
1920	884,455,682.50	4,201,164.42	6,073,479.64	3,279,492.76	1,883,847.06	15,437,983.88	1.75
1921	830,536,582.00	6,062,917.04	6,894,955.01	2,535,725.85	1,937,960.95	17,431,558.85	2.10
1922	732,021,286.00	3,733,308.58	6,530,067.75	2,366,374.26	1,987,412.49	14,617,163.08	2.00
1923	697,002,006.00	4,007,761.55	7,104,898.40	3,143,217.46	1,955,299.95	16,211,177.36	2.32
1924	649,879,308.00	3,639,324.13	6,454,954.92	3,206,944.37	1,854,582.67	15,155,806.09	2.33
1925	640,895,855.00	4,998,987.00	6,921,198.00	3,835,819.00	1,929,365.00	17,685,369.00	2.76

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS •

VOLUME TWELVE

PHOENIX, ARIZONA, DECEMBER, 1925.

NUMBER TWELVE

## PUBLIC BONDED INDEBTEDNESS IN MARICOPA COUNTY

	AMOUNT OF BONDS OUTSTANDING	AVAILABLE FOR REDEMPTION	NET BONDED INDEBTEDNESS	ANNUAL INTEREST
General County Bonds .....	\$ 8,794,136.43	\$243,201.27	\$ 8,550,935.16	\$ 494,063.89
District Bonds .....	7,514,000.00	408,669.67	7,105,330.33	425,731.00
City Bonds .....	4,442,900.00	246,325.29	4,196,574.71	239,074.00
<b>TOTAL.....</b>	<b>\$20,751,036.43</b>	<b>898,196.23</b>	<b>\$19,852,840.20</b>	<b>\$1,158,868.89</b>

The above figures show the amounts of bonds which have been issued by Maricopa county, by the several school and other districts therein, and by the various towns and cities thereof. A TOTAL OUTSTANDING AMOUNT OF \$20,751,036.43. There is credited upon that amount redemption funds to an aggregate of \$898,196.23, which includes taxes levied for redemption of bonds, and a credit on account of the anticipated share of Maricopa county in the one million acre land grant made by Congress to retire an old issue of railroad aid bonds. With this credit made, there remains \$19,852,840.20 of public debt in Maricopa county, for which there was levied upon the tax rolls of 1925, a total of \$1,158,869.89 for interest, and a total of \$481,274.11 for redemption of bonds. OUT OF ALL DIRECT TAX LEVIES A TOTAL OF \$1,640,143.00, IS LEVIED IN MARICOPA COUNTY FOR BOND PURPOSES ONLY. THUS TAXPAYERS ARE REQUIRED TO PAY OVER \$4,500.00 PER DAY, ON ACCOUNT OF BOND ISSUES WHICH THEY HAVE VOTED.

THESE FIGURES TELL THEIR OWN STORY TO THE TAXPAYERS OF THE COUNTY, ITS CITIES, SCHOOL DISTRICTS AND OTHER DISTRICTS, AS BEING SELF-IMPOSED TAX BURDENS WHICH ACCOUNT TO THE AMOUNT OF \$1,640,143.00 ANNUALLY FOR INCREASED TAXES. The untold portion of the story is that no redemption fund levy has yet been made for many thousands of dollars of bonds, and that such levies as made, have not been adequate to distribute pro rata over the terms of bonds, an annual amount sufficient to retire same at maturity. APPROXIMATELY ANOTHER \$500,000.00 MUST BE ADDED TO THE ANNUAL TAX ROLLS FOR REDEMPTION FUNDS, WHEN PROPER REDEMPTION FUND LEVIES ARE MADE. Taxpayers can look for no relief from above burdens until present public bond issues are paid.



# EDITORIAL COMMENT

## FACING THE STATE TAX FACTS

The question of levying taxes, the question of the ability and inclination of the people to pay taxes, and the question of tax levies in amount beyond the power of the people to pay, are not new questions.

It is equally true, that no matter in what form taxes are collected, nor from whom the initial payment of taxes must come, those taxes are a burden upon the whole community, and that relief from high taxes can effectually come through reducing the amounts of public expenditures.

The points above are true with respect to the tax situation in Arizona as they are in every state where taxpayers are struggling with high taxes and looking for ways to reduce them. The California Tax Digest says upon those questions, as follows:

"No matter what means you may devise to levy taxes, be sure that the community itself will pay them."

This bit of sound philosophy was uttered by Benjamin Franklin when, before the Revolution, in London, he was called upon by the British Minister for advice on the best method of raising revenue for the Crown.

It is as true today as then.

There is only one way to get relief from high taxation. That is found in spending less money. If there is to be relief from high taxation, taxpayers must look near home for the remedy, and apply it when the next tax levy is being made. Facing facts may be less agreeable than fighting windmills; but it is more likely to produce results.

It is difficult to face the bitter facts, and to tell the disagreeable truth, that lower taxes can only come through the strictest economy on the part of public and office holders alike. The root of high taxation is found in the constantly increasing expenditures and disbursements, not only of state governments, but of the counties, cities, towns and school districts.

After dealing with figures which pertain to California, and which through repeating, would be of no special interest to our readers, and continuing a discussion of ways and means for tax re-

duction, the California Tax Digest goes on to say:

"While it is true that state expenditures have risen, a cure cannot be found by directing attention to this fact alone; for local government costs have increased much more in proportion; and, to my way of thinking, there will not be any real taxation decrease in California, until these facts are faced soberly and without prejudice by the taxpayer and taxspender alike. The public, by minority action, is suffering from living beyond its ability to pay, and the consequences are just as painful as those suffered by the individual from the same cause.

"The state and all of its political subdivisions must co-operate for relief from high taxes. I predict that, until disagreeable tax facts are faced, the tax burden will grow more and more intolerable. The spending of public money cannot continue indefinitely unless there is a great increase in the income of the entire community, a contingency to be hoped for, but hardly to be relied upon as a basis for a continuation of public expenditure. It may be said that today capital available for productive investment is seeking a place to work where conditions are at least favorable for a fair return, without the tax burdens taking a greater share than do the stock holders.

"It may be said that it is impossible to curtail public expenditures. In answer, I assert that necessity is truly the mother of invention. Most of those who read this are spending far less than during the flush days of 1919 and 1920. Personal expenditures have not been reduced because of a desire, but because of necessity.

"There is likewise a limit to spending of public money, and this is fixed by the amount which can be raised without destroying the source of the revenue. The state, county, municipality or other political taxing subdivision, spending beyond its income, first exhausts every possible means of raising revenue, and then goes into debt so far as possible. When the limit is reached in both directions, and the sinking fund has not sunk, there is a funding process, a stagnation of values, and a crash, which in the case of an individual would be terminated in the bankruptcy court.

### No Crippling of Public Enterprises Necessary.

California is a wealthy state. It is not faced with the necessity of crippling its schools, its roads, or its public enterprises. A check in public expenditure does not mean an abandonment of progress.

"It means a period of rest and inventory, which will be of service to all, and give the taxpayer a chance to recuperate."

The above quotation is but a repetition of what has come to be an almost universal opinion of writers and thinkers whose energies are devoted toward suggestions as to how tax burdens may be decreased. All come to the same results which is, that the root which grows into high taxes, to meet all demands for money to pay for public activities, is the amount expended. If taxes are to be reduced, that root must be budded with a live bud of economy such as will tend to reduce public demands requiring public expenditures and will tend to reduce to the minimum of efficiency, the amounts actually expended for any required public purpose.

## Develop New Enterprises and Create New Activities to Distribute Tax Burdens

The year 1925 is drawing to a close. The time is at hand when everyone is looking over his or her business affairs for the past year, and taking an inventory of assets and liabilities. Business men are **taking stock**, making up their balance sheets, and making plans for

future business progress. All public business which entails a provision for public funds, that the activities thereof may be carried on; every newly proposed public project, public improvement and all plans for future public progress is the direct business of all taxpayers

and the business of every citizen of Arizona, whose private activities for their individual purposes, are conducted in Arizona.

The time is at hand when all taxpayers and all citizens should follow in the footsteps of private business men and women, and take stock of the present public financial situation in Arizona. All direct taxpayers appreciate that taxes are high. The whole public know that public expenditures have increased almost beyond the bounds of reason. When the public commence to take account of the total amounts which have been made available for public expenditure for the fiscal year, 1925-1926, and realize that such aggregate is over \$23,679,000.00. When the public commences to go over the lists of what would compare to the stockholders in a private corporation, it will find less than one hundred thousand of such stockholders. (The last total state registration of voters was 98,691.) The policies and plans for future activities of the public are in the hands of those voters, as the acting stockholders in the governmental affairs of Arizona. Those stockholders cannot escape the fact that under above figures—\$23,679,000.00—of the cost of public business, each has on the average of individual burden, over \$230.00, to which he or she, either directly or indirectly must contribute a share for the year mentioned above.

#### **Reduce Demands for Expenditure and Increase the Taxable Wealth to Pay What is Required.**

There are two main questions before the Arizona public, under the head of general good of that public. The one question is that of planning for such economy as to what shall be "public activities" with such a minimum of expenditure in the conduct thereof as may be consistent with the carrying on of those necessary activities with efficiency in results. Directly connected with that question is the fact that the taxable wealth of the public in Arizona, and the numbers of the citizens of the state are existing elements. Whether or not there comes about an increase in the one or the other of those elements, the present public with its taxable property, with and through the individual activities of its private citizens, must produce enough to make the required direct or indirect contributions to the public treasuries, until a total of over \$23,679,000.00 is placed therein to meet the demands for public expenses and expenditures. The second question is, that of developing other sources, new sources of revenue, through increased development of private business enter-

prises in the state, and thereby and as a necessary consequence thereof increasing the numbers of citizens in the state, to be connected with such new private business activities. Directly connected with this question is the manner of doing it. Directly to result therefrom to the full extent of such development in new activities, will be a distribution of public burdens over a greater taxable wealth, and among yet more persons to share those burdens.

In an attempt to solve the above questions, it may be said that there exists a present power in the public to tax individuals, and the property holdings of individuals, to the point of an abandonment by individuals of the activities, and to the point of confiscating their property holdings for public purposes. The public can if it chooses so to do, continue to increase the aggregate of demands for contribution from the individuals of that public, can do so to such an extent, that regardless of present earnings, present current incomes, either from individual activities, or from those activities devoted to making their property holdings productive of income. Can tax and enforce collection thereof to such an extent that payment of those taxes will require inroads upon such savings, accumulations, and property acquired heretofore, as will ultimately destroy any private ability to pay taxes at all.

If the merchant or business man discovers at the end of a business year that the expenses of that year have made inroads upon the capital invested at the beginning of the year, that merchant or business man immediately devotes an unceasing energy to discover the reason therefor. If that business man is prudent, if endowed with an ability to succeed, and ascertains a condition of business where the income and profits are less than expenses, he will not continue to pile up more and more business expenses. That business man will mark time, will carry on as best he can, until a means of either reducing expenses is worked out, or until new fields of extension for that business can be found, from the business to be done therewith a greater volume of business may follow, over which to distribute the overhead expenses. The public in Arizona is facing a situation not dissimilar to the illustration of the merchant. The productive ability of individual units of citizens and their private activities towards producing incomes, towards acquiring profits, is not resulting in net profitable production, in proportion to that increase which appears as increased taxes and increased demands for public purposes, and so appears as ex-

pense upon those individual units which must ultimately whether or not, pay the cost of government in the state. The second question is in fact the more important question, that question of increasing the numbers of new activities for private gain, in the state, and what follows in this article is directed to that question.

#### **Devote Energies Towards Creating Demands to Attract More People and Homebuilders to Arizona**

It behooves the people of this state, acting individually, and collectively, and through present civic bodies and associations, or through new ones organized for the distinct purpose of studying the resources of Arizona; for investigating its real opportunities, its real natural and commercial possibilities, all to the end of bringing about such a correlation of one with another, as will result in adding new investors to the lists of business enterprises, as will result in establishing new industries the base of operations of which will be the natural products, the ranching and farming products, to be worked out in such manner that Arizona will be able to offer to the outside world the finished products of its minerals, its wool, its cotton, and all other raw products which its people now produce. **Such endeavors as will ultimately attract new and more wage-earners, with an actual means of livelihood provided for them. Such endeavors as will ultimately increase the population of Arizona with contented homebuilders, contented because individually prosperous. Such endeavors as will increase the numbers of permanent customers for our merchants and tradesmen. Such endeavors as will, when their purposes are attained, keep millions of dollars of the so-called "balance of trade", within the state of Arizona, to become the means of increasing the real and stable wealth thereof, a real increase in the taxable wealth of the state, with resulting decrease in public burdens upon present taxpayers, through a distribution of those burdens among greater numbers and new taxable property.**

The Arizona public has labored to the peak of the load in creating financial burdens for governmental activities and purposes, to pave the way for great progress in the future. That same public can well pause at that peak, and devote its creative energies and abilities, towards raising private activities, and enterprises, to that same degree of real development. All to the end that public activities may finally be supported through private business activities, without such strain as now retards real advancement of the latter.



## Taxation in Counties for General and Other Purposes Therein

The table which goes with this article is prepared for the purpose of giving our readers some general idea of the amount of taxes which are levied for county purposes in their respective counties, and by dividing the figures as to each county under distinct headings some idea can be obtained as to how the cost of county government in each county of the state compares with similar costs in other counties. The table is arranged with the counties in alphabetical order, and following each county name, appears the assessed valuation of property upon the county rolls, upon which county tax rates are levied to produce the required amounts for use in conducting the business of each whole county. After each county there also appears the total tax rate per hundred of assessed valuation, levied upon all property in each county to produce the required amounts for county purposes.

In connection with the separate funds for which county taxes are levied, and particularly with reference to the several items which appear opposite the names of counties and under the heading: "General Fund Amount", it must be remembered that this fund includes items which in business would be called "overhead expenses." The costs of the superior courts, the salaries of court officers, the fees and mileage of jurors, the salaries and expenses of the several county officers, of their deputies, regular assistants, and special assistants, the upkeep of county buildings, the support of the poor, "outdoor support" so-called when relief is granted direct to the needy, and the expenses of the county poor farm, or county hospitals, and all

similar, annually and currently repeating, county expenses come under this heading.

It must be borne in mind also that the legislature in the "county classification" laws, has fixed the amounts of salaries of the various officers of counties according to the classification there made, such salaries vary between the counties according to amounts of assessed valuations. Each county has the same numbers of county offices, and principal county officers; each maintains a court and court house, each must provide jails in the court house, and some maintain courts in two places in the county. The legislature has provided for and fixed amounts which each county may raise for county fairs, for immigration officers and many other distinct purposes. Where these amounts have been fixed, it makes no difference as to whether the assessed valuation of a county be, like Apache county, only \$8,904,063.00, or like Maricopa county with an assessed valuation of \$117,522,692.00, the one with a county tax rate of \$2.075 per hundred upon the smaller valuation, the other with a county tax rate of \$1.44 per hundred upon the larger valuation, each county has certain governmental functions to perform as a county, and certain amounts specified by the legislature as to use for such purposes, and the county tax rates in each are not any gauge from which to determine whether as to actual expenditures, the actual county governmental purposes of either are conducted more or less expensively than the other. Each county has certain necessary expenses, the amounts of these expenses vary as among the coun-

ties, and vary in each county accordingly as circumstances calling for the use of expenses may vary. So on the face of the figures of the table, Apache county with an aggregate tax rate production of \$184,759.00, might appear to be conducting its county functions nearly nine times as cheaply as those same functions are performed in Maricopa county, where the annual tax production, with a lesser tax rate, amounts to \$1,692,326.00.

When the question of lessening tax rates, and lessening the amounts which the taxpayers of any county are required to pay into county treasuries for county purposes, becomes a question for consideration by taxpayers, that question is one of a local nature. A question in which the salary list as fixed by law for each county, and all other items connected with county activities, as to which the legislature has fixed and prescribed certain amounts to be used, or prescribed certain acts to be done, are practically items which cannot be altered nor reduced by the taxpayers. There are certain leeways given by the legislatures to county officers, as to additional clerks, assistants, and expenses to be made, which in the opinion of the officers, and with the approval of the boards of supervisors of the counties may or may not, become a means of increasing the amounts required for general funds of each county. The advisability and the actual necessity for incurring expenses connected with any office, or connected with the official activities of the officers and their assistants, is at all times a matter in which an economically inclined official may use a wise discre-

### 1925 GENERAL COUNTY TAXES. (DOES NOT INCLUDE

COUNTY	VALUATION	COUNTY RATE	TOTAL GENERAL COUNTY TAXES	GENERAL FUND AMOUNT	PR
		PER \$100.00 VALUATION			
APACHE .....	\$ 8,904,063.00	\$2.075	\$ 184,759.00	\$ 46,907.00	5
COCHISE .....	108,146,537.00	.55	594,806.00	254,901.00	2
COCONINO .....	20,262,659.00	1.0605	214,885.00	102,651.00	7
GILA .....	83,654,866.00	.7942	664,387.00	166,473.00	5
GRAHAM .....	12,091,714.00	1.74	210,395.00	30,229.00	4
GREENLEE .....	21,682,358.00	1.18	255,852.00	73,503.00	3
MARICOPA .....	117,522,692.00	1.44	1,692,326.00	323,187.00	9
MOHAVE .....	14,518,452.00	2.015	292,547.00	110,485.00	7
NAVAJO .....	11,188,394.00	1.793	200,608.00	66,067.00	2
PIMA .....	66,803,833.00	1.22	815,008.00	162,267.00	3
PINAL .....	47,700,829.00	1.035	493,704.00	90,011.00	8
SANTA CRUZ .....	12,012,747.00	1.652	198,451.00	55,787.00	3
YAVAPAI .....	93,699,894.00	.756	708,371.00	191,710.00	7
YUMA .....	22,706,817.00	1.74	395,099.00	127,158.00	2
TOTAL .....	\$640,895,855.00		\$6,921,198.00	\$1,801,336.00	6

tion, may still fully perform all necessary duties, and may decrease the expense account, as distinct from the salary accounts, of that office, and thus economize in the interests of taxpayers. There is nothing to prevent local taxpayers to urge such economies, and use efforts to induce county officers to practice them. Aside from what is suggested above in the way of suggesting possible economies touching expenditures from the general funds of each county, local taxpayers may have their work paid out for them, in connection with possible reductions in school fund levies, and in connection with newly proposed bond issues.

A reference to the table appended hereto will disclose the fact that out of a total of \$6,921,198.00 raised for county purposes by all the counties of the state, \$1,782,620.00 of that amount was raised for interest and redemption funds upon county bonds. That same table shows the ratios which the amounts levied for "bond purposes" in each county bears to the entire amounts levied for all county purposes. It shows that in Gila county, out of every one hundred dollars raised for county purposes by taxation, \$5.85, is required for bond purposes, leaving \$94.15, of each one hundred dollars for application to general county expenses, for highways, and for the schools of the county. It shows that in Maricopa county, out of every one hundred dollars raised for county purposes by taxation, \$42.84 out of that one hundred dollars is required to pay the interest and redemption funds required by the bond issues of Maricopa county. Thus in Maricopa county, at the present time upon the current tax-rolls, every one hundred dollars collected from taxpayers upon those rolls for county purposes, is encumbered in advance, "mortgaged" in fact, to the amount of \$42.84, leaving only \$57.16 out of each such hundred

dollars, available for the payment of current, annual county expenses of ordinary county government, for county schools, and for highway purposes.

The amounts which are shown in the table as being amounts required for "Interest and Redemption Funds" must not be taken as including all items of interest and redemption funds which are in fact collected upon the annual tax-rolls of each county. Outside of the figures given in the table as being the total of county tax levies—\$6,921,198.00—there are special district tax levies amounting to \$3,835,819.00. This last amount includes not only extra amounts levied in particular school districts over and above county and state funds distributed thereto, for additional expenses of maintaining the schools, but also includes such interest and redemption funds as required for school district bonds of each such district. That additional amount—\$3,835,819.00—also includes special taxes levied for purposes of special districts, other than school districts, including old highway districts, irrigation, power, and improvement districts; with such levies as required for interest and redemption funds of bonds issued by such districts. In Maricopa county, for illustration, the table printed with this article shows a total of county taxes levied to the amount of \$1,692,326.00, this item is confined to such levies as are spread over the taxable property of the whole county, for county purposes. A table published in the October issue of the Magazine shows that \$1,507,053.00 was raised by property taxes for special district purposes in that county; of that special amount \$481,274.11 was raised for interest and redemption funds upon bonds issued by the school and other districts of Maricopa county.

Thus it appears that the taxpayers have no direct control over the matter of items which enter into the taxes raised

in counties, in those cases where such items are fixed by the legislature. The boards of supervisors do have control as to the matter of extra clerks, assistants, and extra expenses connected with all county offices, which would call for expenditures beyond what are fixed by the legislature for salaries and expenses.

Thus it appears also that the people of a county have no present control over the amounts of taxes which must, over a period of years limited only by the length of time the outstanding bonds run to maturity of each bond issue, be levied each year for interest upon bonds, and for redemption funds raised annually to finally pay such bond issues. The taxpayers of any county, of any school district, of any other district which is authorized to vote bonds, cannot control nor reduce the burdens of taxation on account of past issues of bonds they can only control the matter of any addition to tax burdens which will arise through voting additional bonds.

It appears also that the people of each school district, the school boards of each such district, and other boards which control the matter of requiring "special district" levies, have it within their power to confine such special levies within such amounts as they deem necessary.

"Economy" as to expenditures of public money, from the standpoint of county taxes, and taxes levied in each county, is like charity. Charity begins at home. So local taxpayers instead of looking far away for fields of operation in attempts to reduce tax burdens, will find a place right at home, where their efforts can be effective, and can be more effective, than efforts directed to places of expenditure, purposes of expenditure, and amounts of expenditures over which those same taxpayers have no direct control.

## A DISTRICT TAX LEVIES FOR ANY DISTRICT PURPOSES.)

SCHOOL FUND		ROAD FUND		INTEREST AND REDEMPTION FUND	
AMOUNT	PER CENT	AMOUNT	PER CENT	AMOUNT	PER CENT
\$ 91,053.00	49.28	\$ 12,955.00	7.01	\$ 33,844.00	18.32
197,584.00	33.22	53,857.00	9.06	88,464.00	14.87
58,032.00	27.01	36,513.00	16.99	17,689.00	8.23
314,542.00	47.34	144,472.00	21.75	38,900.00	5.85
108,463.00	51.55	7,376.00	3.51	64,327.00	30.57
103,858.00	40.59	32,090.00	12.54	46,401.00	18.14
644,024.00	38.06	.....	.....	725,115.00	42.84
71,184.00	24.33	37,995.00	12.99	72,883.00	24.91
98,704.00	49.20	8,772.00	4.37	27,065.00	13.49
384,122.00	47.13	107,421.00	13.18	161,198.00	19.78
156,745.00	31.75	95,879.00	19.42	151,069.00	30.60
84,642.00	42.65	14,115.00	7.11	43,907.00	22.13
206,233.00	29.11	135,865.00	19.18	174,563.00	24.64
106,722.00	27.01	24,024.00	6.08	137,195.00	34.73
<b>\$625,908.00</b>	<b>37.94</b>	<b>\$711,334.00</b>	<b>10.28</b>	<b>\$1,782,620.00</b>	<b>25.75</b>



## *Has the Public Finished the Business of the Year Now Closing?*

The year 1925 will soon be history. There was an old fashioned practice of closing up each year by settling with your neighbors and creditors up to date in order to commence the new year with a clean slate. Unfortunately this practice has fallen into disuse as among individuals, no matter how much better it might be, had the practice continued. There was more behind that old practice than a simple paying up before the close of the year, there was a necessity for so arranging the expenses of living during the year, that those expenses would keep within the assured incomes of that year, that an ability to pay remained and existed at the close of the year. People lived within their means. They abhorred debts. Debts were incurred, if so incurred beyond the amount of money in sight to pay them, only in cases of unexpected calamity, sickness or death. And even to meet such emergencies, our forefathers and mothers, were constantly planning, striving, and working to lay up something for the inevitable rainy day, to meet the contingencies of sickness, old age and finally of death itself. At Thanksgiving time, they were thankful to nature which had responded to their own efforts, for well filled barns and cellars; for the provision thus in hand to turn into money to pay their taxes, to pay their accounts, and to provide for the needs to be provided until another harvest. The necessities of life were real necessities. The real luxuries were few. Yet the world was rich in peace and contentment, the real worries as to ways and means were such as the most prudent practices of thrift and economy could not avoid, and to meet such unavoidable trials of worry, there was a reserve of strength and energy not yet exhausted through continually straining to live at a pace too fast for the earning ability. The close of the year was a period within which everyone looked over their efforts of the closing year. Looked to see what possible mistakes had been made with a possible future remedy in such action for the future as would avoid the repetition of that same mistake. They looked over what they had on hand, which could safely be turned into money in hand with which to pay their debts, and if possible add to their savings, or reduce debts created for emergency requirements. In practice, the end of each year

formerly brought about what to the west could be likened to a "round up." With it all came plans for the work of a new year. These were the days when the motto of "pay as you go" was the key-note for individual action. Yet with that motto quite closely followed in theory and in practice, one hundred years of American thrift thereunder, resulted in such progress that the people of this country, as a whole public found itself upon such a firm financial basis, found itself so redundant in reserve wealth, that it was able within the last ten years to bring those reserves of accumulations from individual thrift and energies, into action when the real test was put up to the United States to show its real ability to meet emergencies. All of which stands as an indisputable fact in the history of the United States, that long years under the policies of our forefathers, created such real stability of wealth and financial strength, as to be able to withstand the greatest possible test to which any country could be put.

### **"Pay As You Go" Policy Results in Developing Reserve Funds for Real Emergencies.**

Those same policies of living within the present ability of the people to pay for what they have. Those same policies of refraining from creating debts except in dire emergencies of necessities. Those same policies of planning to pay every debt created through necessity before running in debt for non-essentials, and for luxuries, which were the private and public policies of the past, are policies which should not be disregarded at the present time, if the present public desires a renewed stability, a new start, and renewed preparations, to once more establish such a reserve power for progress, as will result in actual progress based upon such a firm foundation that no contingency of the future can shake or shatter it.

So when the present public is looking back upon the business of the present year, and looking still farther back into the unfinished business affairs of previous years, as that unfinished business, in the shape of unpaid and outstanding bond issues, or in the shape of deficits in the amounts of public revenues actually collected to meet the actual debts created by the public; the public can

well look over the amounts of actual demands already required to meet public activities, public projects, public improvements and construction. The public can well consider the conditions surrounding the incomes of the citizens of that public, in connection with question of ability to earn and pay public expenses, as well as all individual expenses, necessary to their living. All these things may, with profit, be considered in connection with plans for future public activities, future public ventures, improvements and constructions. If the policies of our forefathers, those policies of "pay as you go", live within your income, do not run in debt for extravagances or luxuries, were to be applied by the public when reflecting upon the end of the year conditions presented by public financial problems, then one and all would undoubtedly appreciate the safety of such policies, based upon the results thereof through the experience of years.

### **The Habit of Borrowing for Future Payment May Retard Future Progress.**

One and all of the public when reflecting upon present conditions, those conditions brought about by private action and newer public policies, and which have resulted in an almost universal habit of "borrowing for the future." The easy modes which have been provided under which a person can buy today and pay through future installments, have become an adopted practice with large numbers of the public. Through the advent of this plan, a plan under which private credit is almost unlimited, those who take stock at the end of the year, or many of them, at least, find that they have borrowed into the future to such an extent that their anticipations of future earnings, future incomes, and future profits or productions from their private activities are pledged far into the future. The same sort of use of public credit prevails. The public itself has pledged its credit that it as a public may presently enjoy many things which could not otherwise be presently afforded. The people as individuals and as a public, when looking the situation squarely in the face, can see that the policies of the past have been discarded. A new policy for action seems to have taken the place

of the old "pay as you go" one, and today the policy seems to be that of "get what you can now, if it can be gotten upon credit." Communing with our minds, without any effort at deceiving ourselves to ourselves, and the question is faced, of whether or not those additions to present comforts, present enjoyments, and luxuries perhaps, were not obtained more to satisfy inclinations of actual luxurious tendencies, rather than to satisfy real necessities and needed comforts. The question of whether that which has been called "progress and advancement", or a great deal of what has been done under the cloak of "building for the future", are not in reality actually done to satisfy present desires, as to which the future has nothing to do, except that future is burdened with the burden of actually paying for what is to be enjoyed by ourselves in the present.

**Present Generation Will Leave a Heritage of Debt for Payment By the Future Public.**

Certain it is that the public and its members have borrowed, and borrowed, and borrowed, to obtain at present what must be paid for in the future. Its public bonded debts issued for present improvements, present constructions, and present public projects of all kinds, all stand as lasting evidence of the fact of that borrowing. Certain it is that the present generation will not within the next ten, twenty, or twenty-five years, pay out for those debts created for future payment. Certain it is that the succeeding generation will face a heritage of public debts rather than a heritage of freedom from debts. The plans of future generations, such plans as to it may be deemed necessary to the progress and advancement of that generation, will not be left free for execution according to circumstances then con-

fronted. Those plans, those necessities for action by the future public, will at all times be hampered and burdened with the duty of then paying for what the present public has really enjoyed.

When the matter of what has past, is considered in connection with what is in store for the future, the question may well be asked, and when asked and answered, then applied to private and public conduct, that question of whether the old policy and policies should not be continued at least to such an extent, that the self-imposed, burdens of debts for future payment, should not be confined to such debts as are necessary to meet imperative contingencies and necessities, rather than to be created for anything which savors of present luxury. A policy to be used at least, until such time as the present public can without strain carry such portion of burdens already imposed without exhaustion or depletion of reserves.

**"EATING THE SEED CORN"**

The Utah Taxpayer which is published by the Utah Taxpayers' Association, an organization in that state with purposes of bringing about more efficiency and more economy in the use of public money for the benefit of the taxpayers of Utah, and is thus in the same general field of endeavor for public benefit as this Magazine, in very apt words, brings home to its readers the truism that tax burdens should not be paid from the principal of the taxpayers' property, but only from such income as can be made from that property, or in such amounts as will leave the value of the property unimpaired on account of taxes levied thereon, when that magazine under the heading "Eating the Seed Corn" says as follows:

The farmer invariably sets aside the best seed for next year's planting. He protects it against the elements, against rodents, against losses of any kind. He could not be induced to sell his seed corn because he knows that from each grain of seed corn he may expect a whole ear of golden harvest. He will not permit this source of increase to be exposed to any loss. He could not be induced to dispose of this seed unless he was sure that he could replace it.

"On the other hand, he would sell his hay, grain and potatoes that represent his increase and from the moneys thus derived he meets his current expenses. But the seed corn remains intact.

"This case seems to present a parallel

with the tax situation in Utah. We depend entirely upon our natural resources or our acquired wealth to serve us as a basis for our increase. We are cautious about depleting any resource that cannot be replaced. A tax burden is presumably placed upon each and every resource in the state. When any of these resources decreases a source of taxation is wiped out. The tax burden then is automatically placed upon the remaining sources of revenue.

"The outstanding endeavor of taxpayers' associations is to distribute this responsibility of taxation; to increase if possible the sources of revenue; to encourage industry, labor and all other forms of activity to develop their respective holdings from which they harvest their incomes.

The land is the seed corn of the farmer; the manufacturing plant is the seed corn of the manufacturer; the banking institution is the seed corn of the banker; the house and lot is the seed corn of the home owner; the cattle that browse upon the thousand hills are the seed corn of the cattle men; the timber lands and the coal deposits are the seed corn of other taxpayers. If for any reason the cattle man is obliged to wipe out his herd in order to meet taxation, his seed corn is gone and there is no harvest. And from this source no further taxes can be collected.

"Any time an onerous tax is placed upon any property it is equivalent to

disposing of the seed corn. And without the seed there can be no planting—there can be no increase—there can be no harvest. All taxpayers are extremely sensitive on this point of preserving their original investments. Once they are convinced that their properties are being swallowed up to meet the costs of government their ambition to plant and harvest is gone.

"It is the fundamental law of taxation that the source of revenue should be kept intact. The seed corn must not be appropriated. What sometimes appears to offer a relief to some taxpayers by taking the seed corn of other groups of taxpayers proves in the end to be a fallacy. The very ones who consider themselves to be the beneficiaries of a plan whereby certain other sources of revenue are depleted, soon find themselves with the entire burden of taxation upon their own shoulders.

"You cannot destroy the seed corn of railroads, banks, merchants, manufacturers, farmers, or any other class of taxpayers without adding to the burden of the remaining taxpayers. The thought should be in the minds of every taxpayer in this state to preserve and increase if possible the taxable wealth of Utah; to add to the seed corn from which an abundant harvest may be had and it is this harvest that must supply the tax money with which to conduct our government. Preserve the seed corn."



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription DECEMBER, 1925. 50 Cents

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## QUESTIONS and ANSWERS

**Q. In event of the failure of a bank in which the state or counties of Arizona have public funds deposited, has the public any protection against loss of such funds?**

A. If the officers have followed the provisions of law bearing upon public funds deposited in banks, those deposits are at all times secured by bonds. These bonds should be given before any funds are deposited, and the provisions of the statutes upon the subject are as follows:

'The governor, the treasurer and the auditor of this state, in the case of state moneys, and the county treasurer, with the consent of the board of supervisors of the county, in the case of county

moneys, may appoint and designate any one or more bank or banks within the State of Arizona doing business under the laws thereof, or under the laws of the United States, and having a paid up capital of not less than the sum of ten thousand dollars to be a depository of state or county moneys upon complying with the provisions of this title . . . . Any such bank desiring to avail itself of the benefits of the provisions of the next preceding section, shall make, execute and deliver a bond, with good and sufficient securities, to the State of Arizona, in the case of state moneys, and to the county in case of county moneys, in a penalty which shall not be less than the amount which the said bank may be entitled to receive on deposit under the provisions of the next preceding section, conditioned that such bank will promptly pay out to the parties entitled thereto, all public moneys in its hands, upon lawful demand therefor, and will, whenever thereunto required by law, pay over to the state treasurer such moneys, with interest thereon as hereinafter provided, in the case of state moneys, and to the county treasurer such moneys, with interest as hereinafter provided, in the case of county moneys. . . . . The bond required by this title shall be approved by the governor, the treasurer and the auditor of this state, in the case of state moneys, and in the case of county moneys, by the county treasurer and the board of supervisors of the county depositing such moneys, who shall at the time of approving the same certify in writing thereon that they have made diligent personal investigation as to the sufficiency of the sureties thereon, and are satisfied that such bond is amply sufficient to protect the interests of the state in the case of state moneys and of the county in the case of county moneys. Provided, that no treasurer shall deposit an amount of public money in any designated bank in excess of the bond given by said bank . . . . Upon the approval of the governor, treasurer and auditor in case of state moneys, and the board of supervisors in case of county moneys, of any such bond, it shall be their duty forthwith to deposit the same with the state treasurer in case of state moneys and the county treasurer in case of county moneys, who shall be the custodian thereof.'

**Q. Is there any fixed amount which must be raised in taxes each year, towards payment of public bonds issued by the counties, towns, cities and school districts of Arizona?**

A. The provisions of law relative to matters of above question and applying to kinds of bond issues mentioned in the question are as follows:

"The board of supervisors of any county wherein any indebtedness shall be created under the provisions of this chapter, either by the county or by any school district situated therein, and the council of any incorporated city or town, shall also and in addition to the taxes for state and county purposes, or the taxes for city and town purposes, as the case may be, and the tax hereinabove provided to be levied for the payment of interest on such bonds or other evidences of indebtedness, levy a tax for the purpose of redeeming said bonds or other evidences of indebtedness, when the same shall mature, as specified in the order and call for election herein before in this chapter provided to be made, and all money derived from the levy of the tax in this section provided for, when collected, shall constitute a fund and shall be called the "Redemption Fund", and shall be used for the redemption of said bonds or other evidences of indebtedness according to the number of their issue. The tax in this section provided to be levied, shall be levied annually so as to provide a fund for the redemption of such bonds or other evidences of indebtedness when the same shall mature."

Under these provisions there must be an annual tax levy to cover and pay the interest upon all bonds. While the law does not expressly designate, for illustration, that one-twentieth of each twenty years bond issue, shall be levied for redemption funds, it does require an annual tax levy sufficient in each year to finally pay the bonds at maturity and the legislature undoubtedly intended such levies for redemption funds of bonds to be made each year in amounts equally pro rated over the term of the bonds, whether ten, fifteen, twenty or what the terms of each bond issue may be.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME THIRTEEN

PHOENIX, ARIZONA, JANUARY, 1926

NUMBER ONE

## UPON REAL ESTATE AND PERMANENT PROPERTY FALLS THE EFFECT OF DELINQUENCIES IN COLLECTION OF PUBLIC REVENUE

All classes of property owners, and owners of any class of property subject to assessment for taxes, have a voice in the issuance of public bonds. All classes of property are taxed to pay interest upon such bonds and taxed to provide redemption funds for the ultimate payment of the principal of such bonds. All classes of property are taxed to provide revenues to pay the current annual expenses of state, county, city and town, school and other districts authorized to levy taxes under state laws. In theory all classes of property will contribute equally to the cost of governments, state and local governments, according to the real cash value of such property. IN PRACTICE AND IN FINAL RESULTS, IT MATTERS BUT LITTLE HOW WELL THE ASSESSING OFFICERS PERFORM THE WORK OF FIXING ASSESSMENT VALUES OF CLASSES OF PROPERTY, NOR HOW NEARLY THOSE OFFICERS MAY ARRIVE AT THE REAL CASH VALUES OF EACH PARCEL OF PROPERTY, THE THEORY OF EQUAL CONTRIBUTION EXPLODES, UNLESS THE TAXES LEVIED ARE ACTUALLY COLLECTED. Personal property vanishes, intangible values become intangible in fact, and none but real estate, the improvements thereon; and other classes of permanent property, such as mining property classed as real estate, railroad properties, and other classes of public utility properties which through years of operation have become permanent fixtures in the scheme of public affairs, finally and in fact remain as permanent assurances that bonded public indebtedness will be paid in the future, continuing assurances that public expenditures made in excess of actual current revenues to public treasuries, will finally be paid. A permanent insurance to the creditors of the public, that their debts will be paid, and so paid, regardless of delinquencies upon the part of owners of other classes of property in payment of public dues. THE PERMANENT TAXABLE PROPERTY OF THE STATE STANDS AS THE BULWARK UPON WHICH RESTS THE STABILITY OF PUBLIC CREDIT, OF PUBLIC INSTITUTIONS, AND OF PUBLIC GOVERNMENT ITSELF.

It is imperative that assessing officers, and other officers having the duty of collecting taxes upon personal property, follow the law and see to it that the property itself subject to the tax and the owners thereof, do not disappear before contributing to the cost of government. DERELICTION AND NEGLIGENCE WHICH RESULTS IN LOSS OF TAXES UPON PERSONAL PROPERTY IS ACTUALLY INEXCUSABLE OFFICIAL NEGLIGENCE. SUCH DERELICTION AND NEGLIGENCE DESTROYS ALL EQUALITY OF INTENDED EFFECT OF TAX LAWS IN THE DISTRIBUTION OF TAX BURDENS.

Personal property taxes are in fact due when the assessment thereof is made. The practice of "do it now" should be followed by assessors in making collections thereof, that the burdens of other taxpayers may not ultimately be increased to make up for deficient revenues resulting from non-collection of personal property taxes.



## EDITORIAL COMMENT

### Taxes Delinquent, Uncollected, and Often Uncollectible Through Official Negligence or Indifference

When the assessing officers of the state make their annual rounds preparatory to making up the assessment rolls for the year 1926, they should start out with the idea that they are not making a "social call" upon taxpayers. Those officers should paste in their hats, or carry with them in some equally accessible place a copy of the tax laws of the state of Arizona. They should study those laws until absolutely familiar with every word and line of their duties imposed therein upon each assessor, relative to manner, mode, and methods to be used in arriving at values of property, as well as likewise familiarizing themselves with all provisions of state laws which relate to the manner of so making the actual assessments, that taxes afterwards fixed and levied, will be valid assessments upon real estate and improvements thereon; and what is still more imperatively essential, so familiarize themselves with the values of real estate owned by persons to whom personal property is also assessed, that assessments of such personal property may not be dealt with as a lien upon real estate, except in cases where the assessor is absolutely certain that the actual value of the real estate, over and above existing liens, mortgage or other fixed liens, thereon, is a value sufficient to insure the payment of taxes upon personal property as well as taxes upon the real estate itself, when later on in the year, the tax-collector is given the rolls and assumes the duty of collecting all taxes appearing thereon.

In a previous issue of this Magazine attention was called to the fact that no matter what the practice has been in the past. No matter how much as a matter of course under former practice, personal property taxes were left upon the rolls uncollected by the assessors, to become an apparent lien upon real estate owned by the same taxpayer, that practice no matter how long in vogue in the state, has at all times since statehood and the enactment of the present tax laws, has been a matter of leniency and indulgence upon the part of assessors, and at no time a matter of right existing in personal property taxpayers. As pointed out in the law referred to, it is

the duty of assessors to determine whether or not the real estate offered as security for the lien of personal property, is in fact valuable enough to be actual security for such taxes. This duty calls for an exercise of sound business judgment upon the part of assessors. In using that judgment assessors must necessarily become advised of the actual value of unincumbered real estate, and the value of the equity therein, if incumbered.

Personal property taxpayers are asking for credit when requesting that payment of personal property taxes be deferred until taxes upon real estate owned by the same taxpayers is due. If the assessor ascertains that the real estate is heavily mortgaged. If he ascertains that taxes of former years are in fact delinquent. If he ascertains that judgments stand against the taxpayer upon the judgment docket of the superior court of the county. Then each, any, or all of such facts become matters to control the question of whether or not a taxpayer shall be given further credit, to the extent and amount of personal property taxes for another year.

There is no room for making up losses to the public through an uncollectible condition attached to taxes upon personal property. The financial plans of the counties and state are made with reference to an adopted county and state budget. The amounts required for public purposes, to be raised by taxation are fixed at no more and no less than a sufficient aggregate to cover proposed expenditures. The financial policy of the state, and its laws require property to be assessed as of date January first in each year; that same policy and laws permit expenditures to be made for fiscal years commencing July first of each year, regardless of tax collections, which as to taxes upon real estate and other permanent property, and upon personal property permitted to stand as a lien upon real estate, are collections made in September and May of each fiscal year. In fact, public indebtedness may be incurred before any tax money is collected, and the full amount of public expenditure is authorized and may be made to the full extent and ag-

gregate of taxes levied in any fiscal year, regardless of whether those taxes are ever in fact collected. As a theory of financial policy, taxes which are a lien upon real estate will ultimately be collected; that theory includes the idea that the delinquencies of former years will be collected to make up for delinquencies of each current year, and eventually according to the theory of the existing policy, the public will lose nothing. **There exists however a vast difference as between the theory and its actual application. Taxes do become delinquent. Some taxes, even upon real estate are never collected. Going over the state, it will be found that many thousands of dollars of taxes are lost to the public from one cause and another. Examination will disclose the fact to be, that the public has lost many thousands of dollars of taxes upon personal property, as well as similar losses upon real estate taxes.**

It can be truly said that the tax laws of Arizona do not contemplate any ultimate loss of personal property taxes. That law empowers county assessors to collect such taxes immediately when the assessment is made. It grants to assessors the power of distraint, that is, a power to seize enough, and sell enough of the personal property assessed to pay each annual tax levy thereon. It is certain that personal property which is placed upon the tax rolls at any value at all, should be of an actual salable value to realize the two, three, or four cents or whatever the actual tax rate may be per dollar needed for taxes thereon. The fact appears that a large number of established places of business, merchants, and other classes of business, have not paid personal property taxes for periods of over five years in some of the counties. The fact appears that in some instances the public has no security at all for these taxes, due to the fact that the property assessed has vanished, the owners have followed suit, or due to the fact that there has been such a change in ownership of business conducted with personal property, and change in that property itself, that the public has been left "to hold

the sack", so to speak, and the taxes are a dead loss.

The vital question of interest to those taxpayers who do pay their taxes, of vital interest to owners of taxable property upon which a lien for taxes becomes and is an enforceable lien, and in fact a similar question of importance to the whole public is that taxes uncollected, require additional tax levies to make up for such losses. **The public must carry on. The public must maintain its credit, whether that credit becomes involved through outstanding warrants for current expenses, or has been involved through long term public bond issues. The taxpaying public, is really that portion of the public which does pay taxes, must continue to so pay, and pay not only the original portion imposed as their just share of public burdens, but ultimately pay more in order to make up for the deficiencies and delinquencies of those who do not pay at all, and never will pay.**

The ultimate burden eventually falls upon such property liable to taxation as remains permanently in sight of the assessing officers, and will so remain, regardless of change in title, owners or ownership.

The assessing officers owe a duty to the taxpaying public to guard it against loss of personal property taxes, through such action as will insure an actual collection of those taxes.

As said at the opening of this article the visit of the assessor to make assessments upon personal property is not a "Social visit," for no matter how friendly the relations between the officer and taxpayer may be in private, in public those relations are of pure business—either collect the taxes, or certainly and surely cause such security for payment to be given, that final payment thereof cannot be escaped.

The public should never suffer any loss of personal property taxes. The public will never lose such taxes, if assessing officers fully perform their duty and use such powers as given by law to prevent such loss.

# Total Taxes as Raised for State and County Taxes, Including City, Town and District Taxes, for Fiscal Year, 1925-1926

The table which is given in connection with this article shows the aggregate of direct taxes raised upon all the tax rolls of all the counties of the state for all general county, city, town and district and all state purposes. That total amounts to \$17,685,369.00 for the fiscal year commencing July first, 1925 and ending June 30, 1926. Of that total the amount of \$4,999,987.00 is raised, to be collected and paid into the state treasury. In connection with those figures there is computed and given the percentages of all taxes raised which are raised for state purposes, so-called as compared with all other taxes computed. Reference to the table will show the percentages as applied to each county, as to all taxes collected therein, and also the average percentage of state taxes as compared to all taxes collected by counties, towns, cities and districts of and for the fourteen counties of the state. The average for whole state is twenty-eight per cent. This means that out of every dollar of taxes levied upon all the tax rolls in the state, an average of only twenty-eight cents out of each dollar is paid by the county treasurers and tax collectors to the state treasurer. In a comparison of these taxes, it appears that Cochise county appears to pay the largest amount on the average of any county. This simply means that Cochise county while having an assessed valuation higher than some other counties, as a county tax rate lower in rates per hundred of assessed valuation than some of the other counties, as it must be borne in mind that the state rate per hundred of assessed valuation is uniform throughout the state.

There is not a single county which does not raise more money in direct taxes for county, city, town and district purposes, than is raised for state purposes. This fact is significant. It means that the bulk of the cost of government lies in the local expenses of each county, the cities, towns and districts therein rather than in the cost of state government. It means that with all possible reductions made in the expenses of administering the state activities in government, and even with the entire \$4,999,987.00 shown as the entire cost of that government eliminated, there would still remain nearly twelve millions of dollars of taxes to be raised for local and county government alone. There is room for thought in the figures presented. Many taxpayers when paying their taxes assume that too much money, the larger proportion of the money is levied in fact for state purposes. This assumption naturally leads an investigating mind, a mind imbued with ideas of possible economy and reduction of tax burdens, to an investigation of state activities and state expenditures as being the legitimate field of activities for action to the end of economy and reductions of

AMOUNT OF STATE TAXES FOR FISCAL YEAR 1925-1926 COMPARED WITH TOTAL TAXES FOR ALL PURPOSES IN EACH COUNTY, INCLUDING STATE, COUNTY, CITY AND TOWN AND ALL DISTRICT TAXES.

County	Total Taxes	State Portion	State Tax Percentage of
	For All Purposes	of Total Taxes	Total Taxes
APACHE .....	\$ 255,491.00	\$ 69,452.00	27%
COCHISE .....	2,076,398.00	843,544.00	40%
COCONINO .....	582,898.00	158,049.00	27%
GILA .....	1,910,467.00	652,508.00	34%
GRAHAM .....	404,451.00	94,315.00	23%
GREENLEE .....	583,022.00	169,122.00	29%
MARICOPA .....	4,750,352.00	916,677.00	19%
MOHAVE .....	420,169.00	113,244.00	27%
NAVAJO .....	424,629.00	87,269.00	20%
PIMA .....	2,003,064.00	521,070.00	26%
PINAL .....	1,076,178.00	372,066.00	35%
SANTA CRUZ .....	409,577.00	93,699.00	23%
YAVAPAI .....	1,898,535.00	730,859.00	39%
YUMA .....	890,138.00	177,113.00	20%
TOTAL .....	\$17,685,369.00	\$4,998,987.00	28%



taxes. This article is not intended to be authority for any assertion that state expenditures cannot be reduced, but its purpose is to call attention to the fact that while state expenditures have increased from less than one million dollars in 1912, to the amounts shown in the appended table for 1925-1926, that amount of \$4,998,987.00 confined to tax raised funds in the first and last years mentioned, the local county expenditures have increased in a larger proportion in the same period. Under the constitution, state bonds for any purpose could not have been issued in excess of three hundred and fifty thousand dollars. With that limit in the constitution, no new state bonds have been issued. The public demand for highways and other public improvements in the various counties, cities, towns and districts of the state such as could not be

constructed and made within the limits applied to direct taxes, has been acceded to through county and other local bond issues. The interest upon those bonds, the amounts which have been required to be raised annually for redemption funds, account to a large extent for all increased taxation in counties. Figures outside the table show that in Yuma county more than thirty-four per cent of all county funds raised for county purposes, are so raised for interest upon county bonds and for redemption funds of those bonds. Maricopa county with the largest assessed valuation of any county in state actually pays more than any other county on account of bond charges, for interest and redemption, or in fact pays \$42.84 out of every one hundred dollars of taxes collected for county purposes for bond purposes. If this article were extended to

cover the taxes levied in each county for not only county bonds but school district and other district bonds, the full results of self-inflicted tax burdens, that is, burdens imposed by the voting property owners upon themselves in voted bond issues, would be fully apparent. **The point of the article is as often stated, that efforts directed to produce economy can be made at home.** That with such extravagance as may exist among some of the state departments, and with known extravagance existing as to several of such departments, still each local taxpayer has full opportunity and room for economical suggestions in relation to county and local public affairs, without looking to the far distant state expenditures and thus looking over, or overlooking conditions at their own front gates.

## Where the Tax Raised Funds for School Purposes are Finally Placed for Expenditure

In a connected article with its table there appears and is included in the amounts which are raised in taxes for amounts which appear upon the tax rolls as collected for "state purposes" and "county purposes", and special district taxes. That means no more and no less than a designation of amounts which after collection thereof, either remain in the county treasury, or are remitted by the several county treasurers of the state to the state treasurer. Those amounts which remain in the county treasury are at all times considered as "county funds". Out of such amounts as are collected by the county treasurers and sent to the state treasurer, there are portions thereof which are returned to each county. State funds for taxation purposes and rates, county funds in fact and for actual expenditure in the several counties. Redistributed by the state to the counties, and therein added to county funds, also raised in the counties, and all finally apportioned to the various school districts of each county. The state tax rate levied upon and found as a portion of the total rates appearing in each taxpayers' tax receipt includes such a rate as necessary to collect what is known as the "State Common School Fund." On the face of things this fund would appear to be a state fund. In fact, practically all of this fund except such as needed for the expenses of the state Superintendent of Schools, and for the pur-

chase of free text books for the schools, is returned to the counties. That return is made upon the basis of daily average attendance in the public schools of each county for the preceding year. This particular fund is increased through revenues derived from rentals of state school lands, revenues derived from interest upon sales of public school lands, and from revenues derived from lands in forest reserves as yet administered under the authority of the United States. The appended table shows coun-

ty by county the amounts collected by direct taxes, paid in the first instance to the county treasurers, by those officers turned over to the state treasurer. That table shows also the actual amounts of all revenues from all sources, both from direct taxation, and all other sources, which are returned by the state to the various counties of the state. That table shows that in the final analysis of the process of collection of common school funds, many of the counties receive more in return for the school purposes

APPORTIONMENT OF STATE COMMON SCHOOL FUNDS BY COUNTIES FOR THE YEAR 1925

County	Paid Into Fund	Received From Fund	Excess Paid in Over Amount Received	Excess Received Over Amount Paid In	Percentage of Amount Paid in to Amount Received
Apache ....	\$ 17,992.77	\$ 41,940.32	\$	\$ 23,947.55	43%
Cochise ....	218,372.71	231,242.31		12,869.60	94%
Coconino ..	40,904.43	39,950.15	954.28		103%
Gila .....	168,924.95	149,000.72	19,924.23		113%
Graham ....	24,464.99	65,471.35		41,006.36	37%
Greenlee ..	43,752.21	50,866.92		7,114.71	86%
Maricopa ..	237,401.04	477,001.30		239,600.26	50%
Mohave ....	29,383.88	23,648.18	5,735.70		124%
Navajo .....	22,652.77	61,578.86		38,926.09	37%
Pima .....	134,881.07	178,385.28		43,504.21	76%
Pinal .....	96,306.63	62,983.23	33,323.40		153%
Santa Cruz	24,206.10	45,510.36		21,304.26	53%
Yavapai ..	189,247.72	110,543.34	78,704.38		171%
Yuma .....	45,952.76	61,081.97		15,129.21	75%

Total ...\$1,294,444.03 \$1,599,204.29

of such county, than the taxpayers of such counties contribute, in the aggregate of taxes paid, to the state common school funds levied and collected as a state tax fund. The table shows that a total of \$1,294,444.03 was raised through taxation for the total fund, and with that fund increased as it was through the other sources of revenues mentioned heretofore, a total of \$1,599,204.29 was actually distributed to the various counties of the state.

The table referred to also shows just the percentage of returns to each county from the state as compared to the amounts paid into the state common school funds. The table also shows the amounts paid into the fund in excess of

the amounts finally repaid to the counties from the total common school fund of the state. The table also shows the amounts by each county received from that fund in excess of that county's tax contribution to the fund.

In connection with the other table and article written respecting it which shows the apparent portions of taxes raised for state, county and local purposes, the foregoing statements must be considered with the full ultimate result obtained through the collection of taxes apparently for state purposes, but really for county purposes. The state rate is increased by the amount of state common school funds included therein, each county is actually and finally benefited

to the extent shown in the table connected with this article.

Thus the whole matter gets back to the same proposition. Taxes raised for common school purposes whether at first classed as and put among either county tax rates or state tax rates, for collection purposes, in the main become funds available for common school support of the schools of each county. Any possible economy in the amounts so raised must be through action in the counties, and in each school district of those counties, which will lessen the amounts levied and collected for school purposes therein, regardless of whether that levy is originally styled a state tax or county tax for school purposes.

## Other State Taxes in the Main for Actual County Purposes

When a student of tax questions looks at the tax rates of the several years and finds that state tax rates have increased at the same time that county tax rates have also increased. When that student also finds that the aggregate production from each increased rate has also increased, that student must look still deeper into the matter than what appears upon the face of those rates and increases to ascertain the cause of that increase.

As shown by other articles in this issue of the Magazine, the school fund in part raised as a county tax and in part raised as a state tax, is in final results and final application of the proceeds derived from both taxes, state and county, or the benefit of the several counties of the state. There is still another direct tax, styled the state road tax, which is included in the aggregate state tax rate, but which in fact is raised for redistribution by the state to the several counties at the rate of seventy-five cents out of each dollar collected, returned to the county from which that dollar is collected. This is the effect of the provisions of law dividing the total of state road tax funds into the twenty-five per cent and seventy-five per cent portions with which the public is generally familiar. The table has been prepared which shows just how much of that so-called state road tax funds is in fact made available to each county for expenditure under the joint supervision of the State Engineer and the Boards of Supervisors of the respective counties of the state. That table shows that out of \$640,695.85 raised as a total of the fund upon the rolls of 1925, \$480,671.89 was redistributed to the counties, leaving only

\$160,223.96 for expenditure by the state.

To summarize the fact shown in the three tables appearing in this issue, a reader can start with the apparent fact that the activities of the state require tax raised funds to the amount of \$4,998,987.00. Yet the actual fact is that out of that amount of \$4,998,987.00, \$1,294,444.03 of school funds is to be returned to the counties for common and high school purposes; and \$480,671.89 of that tax raised amount is actually made available to the respective road purposes of the counties. If that student goes back over the respective figures of previous years, it will be found that for the purposes of comparison the actual amount of taxes raised for actual state purposes upon the rolls of 1925 is \$3,223,871.08, with school and road funds returned to

counties eliminated from what at first blush would appear as state tax funds for purely state purposes. Then the investigation of past years would necessarily eliminate all school and road funds in those years returned to the counties from the apparent aggregate of state tax raised funds apparently raised for actual state purposes. Just where those investigations would then land it is not the province of this article to conjecture.

It may be stated however, that the real increased cost of government connected with state, county, city, and school districts, has not come about through the actual and necessary overhead expenses incident to current administration of public affairs. It is suggested that the underlying cause and principle reason for increased taxes is due to the fact that many new activities

### APPORTIONMENT OF 1925 STATE ROAD FUND TAX

County	Amount Raised In Each County	Apportioned to State 25% Road Fund	Apportioned to Counties 75% Road Fund
APACHE .....	\$ 8,904.06	\$ 2,226.01	\$ 6,678.05
COCHISE .....	108,146.54	27,036.64	81,109.90
COCONINO .....	20,262.66	5,065.66	15,197.00
GILA .....	83,654.87	20,913.72	62,741.15
GRAHAM .....	12,091.71	3,022.93	9,068.78
GREENLEE .....	21,682.36	5,420.59	16,261.77
MARICOPA .....	117,522.69	29,380.67	88,142.02
MOHAVE .....	14,518.45	3,629.61	10,888.84
NAVAJO .....	11,188.39	2,797.10	8,391.29
PIMA .....	66,803.83	16,700.96	50,102.87
PINAL .....	47,700.83	11,925.21	35,775.62
SANTA CRUZ .....	12,012.75	3,003.19	9,009.56
YAVAPAI .....	93,699.89	23,424.97	70,274.92
YUMA .....	22,706.82	5,676.70	17,030.12
TOTAL .....	640,695.85	160,223.96	480,671.89



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JANUARY, 1926 50 Cents

OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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have been created to be conducted at public expense during the period in which that increase of tax burden has been so appreciable in amount as to challenge the attention of all taxpayers.

It must be brought home to the mass of taxpayers that those who dance must pay the fiddler. That the public cannot perform those functions, and carry out and conduct the multiplicity of activities which are demanded and required by the public, except upon condition that the same public is ready, willing and able to pay the costs entailed therein. If the situation is such that the public is unable to pay that cost, then retrenchment is necessary. That retrenchment will require a weeding out of the frills and fads of government, and confining the activities thereof to what may be actually indispensable. This Magazine has so repeatedly and persistently made this or similar assertions, that this repetition may seem monotonous, yet the truth will come out, and that truth is embodied in these assertions often made and as often repeated. Tax reduction

cannot be accomplished without some elimination in and of those public activities each and all of which entail and

make a portion of the aggregate cost of government to meet which cost, taxes must be levied.

## Questions and Answers

**Q. Will you have your legal department advise a subscriber as to the powers of a high school district to authorize school district bonds, and particularly as to whether such a district may become liable for bonds for money to be expended for athletic purposes, such as to construction of a stadium, and like structures.**

A. In answer to the above question, or request, it may be said that high school districts have no general power to issue bonds. That the power of such districts to issue bonds, even after a vote of the qualified electors thereof, is confined to such issues as are for those specific purposes authorized by the legislature. These districts have no general power to issue bonds, even for what may be "school district purposes," unless there is an express legislative authority therefor. As a general proposition, the funds of any school district are tax raised funds; are to be expended for authorized purposes of the district, and when tax raised funds are insufficient for those purposes, the boards of the district cannot provide additional funds for any purpose through bond issues, unless the legislature has so declared. In connection with "stadium bonds," there has been an election, authorizing an issue of bonds of a Phoenix High School District for the purpose of paying the cost of erecting a stadium; the announced plan for finally paying those bonds is to be from the gate receipts, and net revenues derived from the sale of admission tickets to such stadium, and through other revenues to be derived from its use. Neither the school law nor any other law, makes any provision which in any manner controls any actual application of any such receipts to such a payment either of principal or interest upon those bonds. No person and no officer of the public is clothed with authority to take charge of such receipts or profits of such use of a proposed stadium to be constructed with the proceeds of a district bond issue. No officer is charged with the duty of collecting, holding, and accounting to the county treasurer, for such receipts. No officer of the public is by any existing law, empowered to pay from gross receipts from athletic contests, or from other use of the proposed stadium which is productive of revenue, the expenses

of such exhibitions, or the expenses of the care, maintenance, and operation thereof, as an income producer. Under existing laws, all money for the support of the schools is derived from taxes, which are paid into the county treasury and drawn only upon warrants authorized by school superintendents, for what are prescribed as "school purposes." Under existing laws the interest and redemption funds for payment upon the interest and redemption of school district bonds is required to be raised by tax levies upon the taxable property of each district, in addition to taxes raised for all other district purposes. The legislature has thus safe-guarded the public credit of the public, and of each particular school district, by insuring a tax raised fund to surely provide for payment of interest and redemption funds upon all bonds actually issued in the name of the districts. The law and policy of the law as thus announced by the legislature is against any uncertainty as to any possible "other revenue" which may be available, and may not be so available, for payment of such obligations as interest and redemption funds upon public bonds. There seems to be no escape from the proposition, that no matter how profitable the actual operation of a proposed stadium may be, public officials will, under the laws relating to public bond issues, still be required to spread a tax levy every year, sufficient to pay interest thereon, and to provide a redemption fund sufficient to finally pay such bonds. Taxing officials cannot take cognizance of any possible funds which may be earned by the operations of a stadium. They are mandatorily required to levy as above indicated, the taxpayers will be required to pay those levies. If other revenues are in fact collected, there has been no machinery for administration of those revenues in such manner that taxpayers who first pay may later be reimbursed. The fact of lack of lawful provisions to cover the situation, is a fact to be considered as against any implied power of a school district to issue bonds for stadium purposes. In addition to the above, there is a constitutional provision that: "Neither the state, nor any county, city, town, municipality, or other subdivision of the state shall ever give or loan its credit in aid of, or make any donation or

grant, by subsidy or otherwise, to any individual, association, or corporation." The stadium referred to is expected to be operated by some organization of students. The announced plan is that in effect the school district will only guarantee the payment of these bonds and the interest thereon, that the actual payment will be made through the activities of this association of students connected with a use of the stadium. The students association is without funds to finance a desired stadium construction. The district is to issue its bonds to cover the cost, expecting an ultimate repayment from the association. If this is the understanding, it seems clearly nothing more than a "lending of credit" by the district in a manner prohibited by the constitution.

Going farther into the matter, the statutes of Arizona provide that:—"High School District, and Union High School District may vote bonds for the same purpose and in the same manner as common school districts." Common School Districts are authorized by law

to issue bonds for: "The purpose of raising money for purchasing and leasing school lots, for building school houses, and supplying same with furniture and apparatus, and improving grounds, or for the purpose of liquidating any indebtedness already incurred for such purposes." One feature of the law as to be applied to the question asked, involves a construction of the words: "improving grounds." To the layman, and evidently to the legislature, those words referred to grounds upon which school houses had been erected. It seems that only a contorted construction would result in applying those words to any improvement whatsoever upon land owned by the district not actually used for school house purposes. Would anyone assert that a school district which might own vacant lands, purchased as a reserve for future needs for school buildings proper, could issue bonds to erect thereon a theater building, because there may be some course of Shakesperian study in the schools; or, because some course of instruction in

music is given in the schools, would it follow that the district would be authorized to construct a conservatory of music for outside entertainment of its pupils and the general public. Athletics is nowhere distinctly made a school purpose or educational object. So upon the question of bonds for the purpose of erection of buildings and structures to be devoted to athletic purposes, it is first to be implied that such purposes are in fact "educational purposes," and then necessary to imply that bond issues to supply buildings and structures is also implied, before there can be any semblance of authority of a district to vote bonds for stadium purposes. The opinion of the "Legal Department" is therefore, that a union high school district has no authority to vote bonds for the purposes mentioned in the question. That if bonds are in fact voted for some apparently authorized purpose, and the school authorities attempt to use the proceeds for those purposes, then such use would be illegal, and should be enjoined.

## *Economy as Preached Versus Economy as Practiced in Connection With Public Expenditures*

It would be a very easy matter to call a mass meeting of the public at any time around taxpaying days and crowd the largest auditorium of any city with individuals who would attend such a meeting with their minds full of thoughts as to the necessity of reducing the aggregate of public expenditures as a means of reducing the amount of high taxes which each individual so attending had been called upon to pay as an individual contribution to the cost of government. By "cost of government" is meant a comprehensive expression to cover such amounts as required to carry out the activities, plans, purposes, projects including public protection afforded individuals through police and fire protection, protection to health, property and life, and protection to property rights. That expression includes the activities not only of the ordinary offices and officers of what years ago were elected for the simple and well understood purposes of the executive, the legislative, and judicial branches of government, but includes as well the hundred and one, and perhaps the thousand and one diversified and multiplied boards, commissions, and departments, now clothed with special powers, and with special duties to perform towards an enforcement of the thousands of sanitary, salutary, and regulatory statutes which in the past twenty-five years have found a place in the

laws of the United States, in the acts of the legislatures of the various states, and in the ordinances of cities and towns. That expression, "cost of government" includes also the amounts required to be raised in public revenues collected from the individuals, to pay the costs of internal improvements, of roads, bridges, reclamation projects, new and enlarged public buildings, including buildings for housing what has always been considered the necessary departments of state, county and city governments, necessary in connection with educational systems, university, normal school, high school, and common school buildings and grounds, and includes also, under the head of "public buildings and improvements" those classes of buildings and improvements made and constructed, the real public character of which may not be so readily recognized, such as public playgrounds, public swimming pools, gymnasiums, stadiums, and the like, all of which have become appended to the scheme of public undertakings, and all of which either through annual tax levies or through required bond issues, add their respective portions to the aggregate present amounts which the public must contribute to the so-called "costs of government." In short, during the past twenty-five years the general public seems to have adopted the phrase of the streets, "LET GEORGE DO IT", and with that

adoption have shifted upon the shoulders of public government so many new duties, so many new activities, so many new undertakings for public performance, formerly considered of a purely private nature, that today the line as between public and private duties, activities and undertakings seems to have been erased, and everything has come to be "public" in character and nature, which legislatures, municipal councils, and civic bodies, undertake to declare to be such. All of which is to be considered, and would properly be considered in any mass meeting of tax-paying citizens, convened to consider the high cost of present governments.

### **Publicly For Economy, Privately For Individual Profit**

It may be stated without fear of denial that such a mass meeting, called together in any place in the United States, or particularly, at any place in the state of Arizona, would unanimously adopt resolutions declaring it to be the sense of that meeting that the cost of government is too high, that taxes are exorbitant, that such cost should be reduced as a means of reducing taxes, and that economy as connected with it all is an indispensable necessity.

It may also be stated that while en masse the persons who would vote for resolutions condemning the high cost of government, and deploring excessively



high taxes, as individuals and in individual actions and conduct, immediately after the dispersing of such a meeting there would be and actually are, large numbers from those present, who would not and do not act an individual part towards making resolutions for public economy actually effective. There are those who put on their Sunday clothes and sanctimonious face one day in the week, but who, as experience shows, will bear watching during the remaining six days of the week. Those who lack that sincerity of real purpose to carry out in private purpose, in private actions, those high principles by them advocated in public. This lack of real sincerity often appears in connection with efforts towards effecting any real public economy.

#### **Inconsistency of Action Destroys Possibility of Actual Economy**

It is found to be true, that many taxpayers and business men after publicly advocating the necessity for reduction of the cost of government will next appear in attendance at meetings of some civic organization or boosters club, and with just as much zeal and energy as exercised by them when declaring for tax reduction and economy, will get behind and support some new project which will require still more taxes, still additional bond issues, and increases in the already excessive cost of the government under which they live. It is hard to understand such actual inconsistency. It is said that a great many of the public will sign a petition advocating most anything at all without reading or considering its purpose and intended or actual effect. This tendency is to be regretted, especially when if not in the form of an actual petition, similar action is taken with respect to projects and undertakings which if carried out will entail the use of more and more public funds. The same individual who would not increase private expenses and private expenditures is many times found behind and declaring for public expenditures for purposes of no more real necessity to public welfare and public progress, than what in private business would be rejected as not necessary to its development and progress. Just so long as taxpayers take this inconsistent position. Just so long as business men who are taxpayers, continue to advocate public projects and ventures without limit, and regardless of any real public purpose of necessity connected therewith, just that long any real public economy will be impossible.

There is an added effect brought about through such inconsistency as above pointed out. Smaller taxpayers, and citizens whose means of knowing the exact purposes of new public proj-

ects, or the actual financial results thereof, many times "follow the leaders", and when those less informed members of the communities find that numerous civic bodies, composed assumably of persons better informed than themselves, accept without thought, without real investigation, and without real study of a proposition, the results of resolutions of civic bodies endorsing the project itself. Too often such persons say to themselves, "if it is good for the big business man, who pays more taxes than I do, it must be good for me," and so falls in the line of support.

#### **Selfishness vs Public Expenditure Reduction**

There are underlying reasons for this inconsistency of action which certainly apply in some quarters. In the present mad rush of the people for individual wealth, individual profit out of the proceeds of public expenditures, many times is privately considered as synonymous to a public progress effect from public activities which bring about those expenditures. Private profit and public progress seem to run hand in hand in the minds of some members of the public. To them it matters not at all that their individual taxes are increased, if in consequence of such increase, and through the means of public money put into circulation in connection with public projects they get their bit, particularly so, if that bit, shows an immediate profit to themselves. It would be hard to demonstrate to a salaried office holder that official salaries, and the particular expense allowance of the particular office, was too high. In actual life, such office holders are many times firmly convinced that salaries and expense allowances are not high enough, when confined to the particular salary drawn by that officeholder and to the expenses controlled by the officer. Economy may be all right for the other fellow, but not for the particular individual to be affected by such economy. If real economy demanded the entire abolishment of some department, board or commission, no matter how real the lack of any necessity for its continuance might appear to a majority of the people, it would be impossible to convince the members of such a board, department, or commission, of the fact that such an abolishment would not be noticed in connection with the remaining machinery of government. Equally hard to convince what may possibly be a small nucleus of the public to whose individual affairs that commission, board, or department, might appear to be an individual convenience furnished without appreciable individual cost to that nucleus of the public. It would be hard to convince the merchant dealing in supplies, and whose

connection with public officers, or public contractors, is such that goods, wares and merchandise of that merchant would be furnished in connection with some public project, that the project itself was not a real public necessity. It would be equally hard to convince the public contractor of that same fact. And so it is, that economy in public expenditures is generally recognized as a public necessity. In general, the entire public favors such a reduction. In particular, individual members of the public, really think of giving effect to any policy lined up for possible reduction of those expenditures, which does not effect the individual pocketbook of each individual thinking and acting individually, and for individual interests.

The whole public desire a reduction of public burdens of taxation. Yet individuals, classes, factions, and elements, among that public, still continue to demand for themselves those things which will actually increase rather than reduce present public expenditures. Continue to advocate bond issues to obtain public money for present expenditure, provided, a private profit can be anticipated as a present possibility. If such an immediate profit is in sight, such individuals so declare to let the money be raised and expended, regardless of any future effect in increased taxes or drain upon the strength of public credit.

#### **Some Individual Sacrifice Necessary to Tax Reduction**

The mental query sometimes appears to the mind of the writer, as to whether that spirit of patriotism which induced the founders of our government to sacrifice all for principle has been smothered out of the people of today. Whether in its stead, there has come into being a new kind of patriotism, so-called, and which in practice means only such sacrifice to public good, as costs the individual nothing privately. Whether this be true or not true, the situation surrounding the raising and expenditure of public monies, in the enormous amounts which are now being expended, is a situation which has been brought about through individual, class, and mass demands. That situation cannot be remedied with a lessened expenditure resulting, except through individual action, which will involve to some extent a possible individual relinquishment of possible benefit from some unnecessary public activity, and an individual sacrifice of personal gain or profit to be derived therefrom. The axe to be used towards reduction must be used without any discrimination, guided only by the rule of such actual necessity of continued, or increased public activities, as may be indispensable to an efficient government. The axe must be so used, let the chips fall where they may.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME THIRTEEN

PHOENIX, ARIZONA, FEBRUARY, 1926

NUMBER TWO

MAR 2 1926

## ARIZONA PUBLIC DEMANDS THAT "DEADWOOD" BE ELIMINATED FOR PUBLIC ECONOMY

Arizona has completed fourteen years as one of the states of the Union. During that period it has fallen into line with that growth of extravagance as to what has been deemed necessary to properly function as a state, by adopting many lines of public activities carried on in other older, richer and more populous states. Activities which may have been actually necessary in the states from which adopted for Arizona, and not necessary to the growth and progress of Arizona. During fourteen years the state of Arizona, its counties, cities and towns, have attempted to keep pace with richer, older, and more populated States, cities and communities. It has bonded lavishly for its public schools, and educational system, through public school district bonds. Its counties have bonded for buildings and for improved highways. Its cities and towns have bonded for water, lights, sewers, buildings, and other public improvements. The people have planned their own burdens in those regards. The legislatures since statehood have created numerous boards and commissions, have adopted methods to be applied to state activities which reflect similar activities and similar methods used in those states more able so to do. THE SAME WAVE OF EXTRAVAGANCE IN UNLIMITED EXPENDITURES WHICH HAS SWEEPED THE WHOLE COUNTRY, AND HAS LEFT ITS BURDENS IN THE GOVERNMENT OF THE UNITED STATES, AND IN EACH OF THE SEVERAL STATES, HAS NOT SPARED ARIZONA. THE NECESSITY FOR RETRENCHMENT. THE NECESSITY FOR TRIMMING OUT THE DEADWOOD. THE NECESSITY FOR REMODLING PUBLIC ACTIVITIES ALONG SUCH SAFE AND PROPER, SUCH NEEDED AND ONLY INDISPENSIBLE, LINES AS THE PUBLIC CAN AFFORD TO SUPPORT, AS DISTINGUISHED FROM WHAT SOME ELEMENTS IN THE PUBLIC MAY DESIRE REGARDLESS OF COST, IS A NECESSITY RECOGNIZED IN ALL QUARTERS.

Facing an enormous aggregate burden of public expenditures of nearly \$24,000,000.00 annually, the outgrowth of fourteen years of public activities, the public now demands that the experiences of that fourteen years be used by every public officer towards reducing that annual burden. The duty of compliance with that demand rests not upon the shoulders of any one office, officer, department or commission, but upon the shoulders of all and every officer in turn is entitled to the honest support of every individual member of the public itself in line with a performance of that duty.



## EDITORIAL COMMENT

### Prosperity and Reduced Tax Burdens for Arizona

Every citizen of Arizona, every taxpayer and those whose means of livelihood depend upon the multiplicity of individual activities which go to make the business, commercial, mining, farming, ranching, and other classes of business energies upon which real prosperity must finally depend, are interested in more intensive, more development in such activities. All classes of merchants, tradesmen, and professional men, welcome an increased population in their immediate locality. That increase means an added chance to increase the sales of the one class and the professional fees of the other. It is an old saying: "people must live," but that saying will not necessarily apply to every influx of population into any community or district. To be true, the means of acquiring that living must be present, or sooner or later some will need to migrate to other places or become an incumbrance. People can not be said to really live any where, in the sense that by living there, the prosperity of that community which is chosen for a habitation, is not increased through successful results from the use of the earning and productive powers and activities of those who must work to live. An over production of individual energies, that is of such energies as do not result in profit to those using them, is just as detrimental to real progress of a community, as an absence of such attempts of people to "make-good," would be. In fact overproduction when the aggregate thereof exceeds the demands of a profitable market, causes loss rather than profit, and causes depression rather than progress as connected with the general wealth of a community.

#### People Locate Where They Hope To Prosper

The first question which a conservative person presents as to a prospective new home, in a new community, or asks before engaging in business in a new location, or asks before investing in the property situated there, is the question "what can I do when I get there." The ultimate question is can that person turn individual efforts to a final profit to himself or herself, over and above what it costs to live. Can enough be earned to pay the merchants who must

furnish the necessities of life. Can enough be earned to pay rents, interest and taxes. The merchant asks the same general question. Looks to ascertain whether prospective customers which may come to be that merchant's anticipated share of business from a community sought as a location for business, that those customers are in turn prosperous. The investor who might loan his money, erect buildings for renting purposes, or otherwise attempt to make the capital of such a prospective investor, "work for him," considers the present number of similar buildings, the rates of rents, and interest, the tax-rates, and again considers the question of a real prosperity existing among the people, all considered as controlling elements for or against an investment. Is there such an actual condition as will insure a return on the investment. Is there a real demand of and from other investors, that will apparently continue to be such that when the money is once invested, it can be withdrawn without loss. The real conservative person, those persons who as a class finally stand for and create real stability in any community, realizes that it may be easy to get into some new venture, but not always so easy to get out without loss or financial disaster.

#### Rules For Progress

**It takes more than talk to make real prosperity. This world is a practical one. There are certain immutable and unvarying rules which control its progress. Not the least of these rules is that which applies to financial progress, and is termed the law of supply and demand.** Under the operations of this rule, every person is more or less dependent upon his neighbors for individual prosperity of all. The one produces what the other consumes. One supplies that which is necessary to the activities of the other, all a continuous chain an endless chain of interlocked, and interlinked dependencies. When abnormal attempts are made to flood the market with any supply, experience has shown that disaster follows.

That idea of progress which is involved in the thought of "making two blades of grass grow, where only one or none grew before" embodies and exemplifies the potential energies of the American

people. It represents those latent qualities of push, persistency of purpose and all other similar ones, which have been exerted to bring this country into the forefront of progress, wealth and power, when compared with any other nation or country on earth. Yet all that is embodied in the idea of the expression above quoted, is still controlled by the silent question of whether the "extraneous blades of grass," can be finally utilized to the financial profit of their producers. The farmer takes up land where it is expected that a ready and profitable market may be found for crops. That farmer depends entirely upon the demands of consumers of what may be produced. The merchant buys goods, wares and merchandise, places them in stock and offers them to a consuming public. The merchant considers the ability of the public to purchase, considers the numbers of consumers of such goods as are offered; considers also the numbers of competitors in similar lines, also depending upon an actual demand of the public for the same commercial offerings. The laborer goes where there is a demand for labor. And so the illustration could be carried on down the line and through out the entire process of operation of the law of supply and demand, and the final answer will be, that the conservative person does not attempt to create a demand, does not attempt to force a place in line when those lines are already overcrowded, and the present demand do not equal the present profitable supply and production. In actual business success, there is no actual benefit to any one to come from attempts to double up the supply when the present demand will not require the present units of supply.

Goldsmith's "Deserted Village," was a poem familiar to the adults of today. It was recited from the old school readers, and hardly a class day exercise was complete in the old days, when that poem was not on the program. The story thereof simply illustrates the point of this article. The means of livelihood, the source of demand, for what the people of the village had to supply had simply vanished. There are many deserted towns and villages interspersed among the stations of the railroad systems of the United States. The history of prog-

ress from east to west, has been marked with monuments of failure shown by the presently abandoned "boom towns," of the past. The epitaphs which should be written and conspicuously displayed as object lessons to the present public is: "Successful commercial and financial progress depends upon the existence of real demands that must be supplied."

**Why Are Arizona's Golden Opportunities Not More Freely Accepted**

Arizona is a land of wonderful opportunities. Its mountains abound in mineral wealth. Its valleys and deserts, reclaimed already for agricultural and kindred activities, and many acres yet to be reclaimed. Its people are determined and persistent. There are thousands of people in neighboring states who are looking for opportunities such as are present in Arizona. Thousands of people are looking every day for opportunities to better their financial conditions. Thousands of keen minded, thinking, planning, and energetic persons, who do not pass up real opportunities which appear as such to them. There must exist some underlying reason why more thousands of such people have not joined with Arizonans and attempted through united efforts to increase the material wealth, productive, lucrative, and profit producing wealth, of, in and for the state.

The question before the public in Arizona is that of answering why there is not a more general increase in population, increase in private activities, and more general prosperity than does exist. The public have generously prepared all possible attractions. Good roads, good public buildings; all modern conveniences in the larger towns and cities, and many of the smaller ones. The schools, normal schools, and university, have been furnished with buildings, appointments, and surroundings, without any stint as to cost. The people are liberty loving and law-abiding, and conscientiously for law-enforcement. Nearly every semblance of the "wild and woolly" west, as to be applied to Arizona, is at present simply a memory of the past. Yet with all this preparation, with the banquet board ready, and the feast prepared, the guests are tardy." The all important question is "Why?"

Can it be possible that the result of activities among the various opportunities which have been accepted and attempted by Arizonans in the past, have resulted in an actual production in excess of a natural profitable demand. Can it be possible that the consuming public is not large enough to take care of the present production. Can it be possible that Arizona is offering to a con-

suming public its raw products, when the market of that class of products is overstocked. Can it be possible that high tax burdens, existing bond issues which will continue as burdens through terms of years, or the laxity with which a minority of the public, but active as such, impose still more and more tax and bond burdens, upon an indifferent and inactive majority of the people of our state, exist as reasons of answer to that question "WHY?"

To be successful, the people of Arizona, the producing people, must give their neighbors what those neighbors want. Give them what they need, and are willing to take and allow a real profit. A manufacturer would not be foolish enough to attempt to force the general public to buy buggies when the demand is for automobiles. The numbers of buggies which that manufacturer might produce, would not increase the sales one single dollar beyond the actual demands of the public for buggies.

It would seem that a general answer to the question asked, will be found through an intensive study of such possibilities as exist in Arizona, to put what its people produce upon the market in a manufactured state, the finished article, if the public do not demand the raw materials. There is cotton, wool, iron, copper, timber, small fruits, and so many other products, which do in some localities finally reach a consuming public in a manufactured state, that the subject of possible factories in Arizona, is

at least worthy of serious consideration. The by-product of factories is a demand for labor. That in turn creates a consumptive demand which would reach to all other individual activities in a factory community. Keep the final balance of trade and business in favor of Arizona, or in other words, "keep the money at home," when the general result of a year's business, or of continued business for a term of years, and the substantial wealth of our people will permanently increase.

This article is not intended as one upon political economy. The province of the Magazine is intended to be confined to matters affecting taxes and public expenditures. What is said above bears upon those questions in this feature, with so many dollars of taxes needed to carry the public bonded indebtedness, the direct individual burden of each individual contribution, will be lessened through increasing the value of taxable wealth, and increasing the numbers of persons, who in turn can be so successful in their private affairs, as to be actually able to pay their share of public burdens, and still make both ends meet. If it is impossible to reduce the amount of taxes required for public purposes, it is at all times possible to stop increasing taxes, at the same time efforts can be made to increase the taxable wealth and number of population as the sources from which those taxes finally must come.

“ B O N D S ”

When Webster compiled a dictionary of the English language the word: "BOND. (Noun)" was found to represent and name some nine distinct subjects. As illustrating the use of the word in the first two forms of use, the dictionary says:—"That which ties, binds, fastens, or confines;" "The state of being bound, imprisonment, captivity, restraint." And lastly as an "adverb" the word: "BOND" is defined to mean: "In a state of servitude or slavery, captive." Webster little knew how modern day usages of the word would develop an application of the varied, multiplied, and numerous classes of bonds, within one meaning of the word, that of "An instrument made by a government or a corporation for the purpose of borrowing money," would impress upon the people under guise of public purposes or public necessities, so many bonds for so many purposes, as to make it literally

true that in some places the application of various synonyms included in the two definitions first given above, can well be made to the public whose bond issues for the purpose of borrowing money, as apt illustrations of the positions in which that public has placed itself. In all too many instances the public of cities, towns, special districts, counties, and states, have voted for and thus forged and placed upon their own ankles, those restraints upon future liberty of action, which that same public must carry for fixed periods, and do so at the same time that it strives through individual activities to create and provide enough revenue for the ordinary current activities of the particular public.

When the voters of Arizona consider the figures of the tables which appear in this issue and form which appears the



# A Summary of the Bonded Indebtedness of the State of Arizona and all of Its Political Subdivisions as of June 30, 1925

(Compiled and with explanatory Statement by the State Tax Commission, December, 1925.)

Chapter 38 of the Session Laws of the Fifth Legislature, 1922 Special Session, made it the duty of the State Tax Commission to ascertain the bonded indebtedness of the State of Arizona and all of its political subdivisions, and to make and keep a record of the same in its office. Pursuant to the provisions of this Act, the Commission instituted the policy of obtaining each year from the various County and City Officials, a complete statement of the bonded indebtedness of each political subdivision, as of June 30, of that year, showing each bond issue, all or any part of which was outstanding on that date, the purpose of issue, date of issue, denomination of bonds, rate of interest, date of maturity,

amount paid, amount held in redemption fund and balance to be paid.

The total outstanding bonded debt of the State, as between the holders of the bonds and the State, is \$2,848,275.29. Of this amount, however, \$1,967,804.87 is an obligation of certain counties to the State, and \$132,497.99 is an obligation of certain cities to the State. These amounts represent old County and City bond issues, outstanding warrants and other forms of County and City indebtedness which were taken up by the Territory of Arizona previous to Statehood, and Territorial Bonds issued in lieu thereof. In the following tabulations therefore, of the total \$2,848,275.29 outstanding, only the amount \$747,972.43 is shown as State Bonds, while \$1,967,804.87 is included in the County Bonds, and \$132,497.99 in the City Bonds. Of

the \$1,967,804.87 included in the County Bonds, \$868,805.82 are "Railroad Bonds" further explanation of which will be found in the footnote appended to one of the following tabulations.

In attempting to classify the several bond issues as to the purpose of issue it was found that it was practically impossible to make a close classification on the City Bonds, as in a number of cases, one issue of bonds covers a number of projects, and no closer segregation than the one shown herewith could be made from the information available.

Street Improvement Bonds which are issued against special paving districts are not included in any of the figures given herewith, as the principal and interest of such bonds are not included in any general tax levy.

## STATEMENT SHOWING TOTAL BONDED DEBT OF THE STATE OF ARIZONA AND ITS POLITICAL SUBDIVISIONS, AS OF JUNE 30, 1925, SEGREGATED AS TO STATE BONDS, GENERAL COUNTY BONDS, SPECIAL DISTRICT BONDS AND CITY AND TOWN BONDS

	Total Bonds Issued	Bonds Paid	Bonds Outstanding	Redemption Fund	Net Liability	Annual Interest Charge
STATE OF ARIZONA .... \$	829,972.43	\$ 82,000.00	\$ 747,972.43	\$ 255,751.03	492,221.40	\$ 34,163.33
APACHE COUNTY:						
General County Bonds	538,473.50	14,000.00	524,473.50	54,652.34	469,821.16	28,381.16
Special District Bonds	33,000.00		33,000.00	3,639.40	29,360.60	1,980.00
	571,473.50	14,000.00	557,473.50	58,291.74	499,181.76	30,361.16
COCHISE COUNTY:						
General County Bonds	1,000,000.00	350,000.00	650,000.00	69,109.66	580,890.34	35,750.00
Special District Bonds	1,252,050.00	307,500.00	944,550.00	162,414.74	782,135.26	52,748.00
City and Town Bonds ..	975,812.38	421,500.00	544,312.38	39,027.04	515,285.34	30,121.38
	3,227,862.38	1,079,000.00	2,148,862.38	270,551.44	1,878,310.94	118,619.38
COCONINO COUNTY:						
General County Bonds	309,000.99*	10,000.00	299,000.99*	170,811.50 *	128,189.49	10,302.99
Special District Bonds	310,000.00		310,000.00	32,580.68	277,419.32	18,100.00
City and Town Bonds ..	905,500.00	95,500.00	810,000.00	15,985.33	794,014.67	45,925.00
	1,524,500.99	105,500.00	1,419,000.99	219,377.51	1,199,623.48	74,327.99
GILA COUNTY:						
General County Bonds	459,781.36	107,000.00	352,781.36	118,926.37	233,854.99	18,730.36
Special District Bonds	1,189,800.00	113,000.00	1,076,800.00	226,146.00	850,654.00	63,008.00
City and Town Bonds ..	1,020,081.89	140,832.75	879,249.14	5,634.91	873,614.23	52,054.89
	2,669,663.25	360,832.75	2,308,830.50	350,707.28	1,958,123.22	133,793.25
GRAHAM COUNTY:						
General County Bonds	697,364.70	89,000.00	608,364.70	80,389.81	527,974.89	33,931.47
Special District Bonds	331,700.00	47,550.00	284,150.00	4,583.39	279,566.61	16,420.00
City and Town Bonds ..	10,000.00		10,000.00	3,000.00	7,000.00	600.00
	1,039,064.70	136,550.00	902,514.70	87,973.20	814,541.50	50,951.47
GREENLEE COUNTY:						
General County Bonds	597,364.70	103,000.00	494,364.70	7,686.54	486,678.16	28,188.20

	Total Bonds Issued	Bonds Paid	Bonds Outstanding	Redemption Fund	Net Liability	Annual Inter- est Charge
Special District Bonds	375,400.00	111,000.00	264,400.00	47,432.53	216,967.47	15,416.00
City and Town Bonds ..	339,000.00	110,500.00	228,500.00	19,976.13	208,523.87	13,710.00
	1,311,764.70	324,500.00	987,264.70	75,095.20	912,169.50	57,314.24
<b>MARICOPA COUNTY:</b>						
General County Bonds	8,811,636.43*	17,500.00	8,794,136.43*	243,201.27*	8,550,935.16	494,063.89
Special District Bonds	7,514,000.00		7,514,000.00	408,669.67	7,105,330.33	425,731.00
City and Town Bonds ..	4,489,900.00	47,000.00	4,442,900.00	246,325.29	4,196,574.71	239,074.00
	20,815,536.43	64,500.00	20,751,036.43	898,196.23	19,852,840.20	1,158,868.89
<b>MOHAVE COUNTY:</b>						
General County Bonds	825,363.29	33,000.00	792,363.29	169,783.44	622,579.85	42,891.35
Special District Bonds	19,300.00	3,000.00	16,300.00	8,624.19	7,675.81	978.00
	844,663.29	36,000.00	808,663.29	178,407.63	630,255.66	43,869.35
<b>NAVAJO COUNTY:</b>						
General County Bonds	411,000.00		411,000.00	34,353.88	376,646.12	22,050.00
Special District Bonds	182,500.00	32,000.00	150,500.00	28,550.24	121,949.76	8,880.00
City and Town Bonds ..	275,000.00		275,000.00	21,435.16	253,564.84	16,250.00
	868,500.00	32,000.00	836,500.00	84,339.28	752,160.72	47,180.00
<b>PIMA COUNTY:</b>						
General County Bonds	2,525,515.34*	126,000.00	2,399,515.34*	420,563.86*	1,978,951.48	110,680.80
Special District Bonds	1,991,100.00	155,000.00	1,836,100.00	73,507.91	1,762,592.09	107,186.00
City and Town Bonds ..	1,439,423.71		1,439,423.71	329,068.21	1,110,355.50	73,543.68
	5,956,039.05	281,000.00	5,675,039.05	823,139.98	4,851,899.07	291,410.48
<b>PINAL COUNTY:</b>						
General County Bonds	1,506,138.08		1,506,138.08	178,542.19	1,327,595.89	80,326.31
Special District Bonds	962,000.00	23,500.00	938,500.00	43,208.66	895,291.34	56,140.00
City and Town Bonds ..	286,000.00	9,000.00	277,000.00	4,136.71	272,863.29	16,620.00
	2,754,138.08	32,500.00	2,721,638.08	225,887.56	2,495,750.52	153,086.31
<b>SANTA CRUZ COUNTY:</b>						
General County Bonds	579,000.00	14,000.00	565,000.00	64,177.41	500,822.59	29,690.00
Special District Bonds	262,000.00	16,000.00	246,000.00	21,168.83	224,831.17	14,340.00
City and Town Bonds ..	525,000.00	5,000.00	520,000.00	26,264.83	493,735.17	27,750.00
	1,366,000.00	35,000.00	1,331,000.00	111,611.07	1,219,388.93	71,780.00
<b>YAVAPAI COUNTY:</b>						
General County Bonds	2,088,740.07*	507,000.00	1,581,740.07*	242,324.78*	1,339,415.29	77,994.58
Special District Bonds	970,900.00	44,200.00	926,700.00		926,700.00	54,942.00
City and Town Bonds ..	931,261.90	59,000.00	872,261.90	77,307.82	794,954.08	47,356.79
	3,990,901.97	610,200.00	3,380,701.97	319,632.60	3,061,069.37	180,293.37
<b>YUMA COUNTY:</b>						
General County Bonds	2,078,791.11	42,000.00	2,036,791.11	233,512.03	1,803,279.08	109,375.60
Special District Bonds	754,300.00	18,000.00	736,300.00	74,347.86	661,952.14	43,758.00
City and Town Bonds ..	212,500.00	17,500.00	195,000.00	30,873.37	164,126.63	11,700.00
	3,045,591.11	77,500.00	2,968,091.11	338,733.26	2,629,357.85	164,833.60
<b>STATE TOTALS .....</b>	<b>50,815,671.88</b>	<b>3,271,082.75</b>	<b>47,544,589.13</b>	<b>4,297,695.01</b>	<b>43,246,894.12</b>	<b>2,610,853.43</b>

# RECAPITULATION OF OUTSTANDING BONDED DEBT AS OF JUNE 30, 1925

State Bonds .....	\$ 747,972.43
General County Bonds	21,015,669.57
Special District Bonds	15,277,300.00
City and Town Bonds	10,503,647.13
<b>Total Outstanding</b>	<b>47,544,589.13</b>
Less Railroad Bonds	806,805.82
<b>Total Amount, the principal and interest of which must be raised by taxation .....</b>	<b>46,737,783.31</b>

AVERAGE INTEREST RATE 5.58%

\* "The Enabling Act" provides.—"For the payment of the bonds and accrued interest thereon issued by Maricopa, Pima, Yavapai and Coconino Counties, Arizona, which said bonds were validated, approved, and confirmed by the Act of Congress of June sixth, eighteen hundred and ninety-six (Twenty-ninth Statutes, page two hundred and sixty-two) one million acres;" — The Supreme Court of this State has construed the above provision of the Enabling Act

to mean the "Railroad Bonds" issued by the four Counties mentioned and has fixed the amounts of the same as follows:

Coconino County .....	\$ 101,167.17
Maricopa County .....	209,550.00
Pima County .....	318,275.29
Yavapai County .....	239,813.36

**TOTAL .....** \$ 868,805.82

As provision has been made for the payment of both the principal and interest of these bonds by a grant of land which is more than ample for the pur-



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription FEBRUARY, 1926 50 Cents

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pose, they are only a contingent liability, and while the above amounts are included under the headings "Total Bonds Issued" and "Bonds Outstanding", they are also included under "Redemption Funds", and are not included under "Net Liability" or "Annual Interest Charge".

For detailed information in regard to the funded debt of the State, see State Treasurer's report for the year ended June 30, 1922, pages 104 to 119 inclusive.

## "BONDS"

(Continued From Page Three)

amounts, purposes, and objects, for which an aggregate of \$46,737,783.31 of public bonds now exist as a continued burden upon the tax-paying public of the state. When the public consider in connection with other items which appear upon their tax receipts, those items which represent a portion of \$2,610,853.43 by each taxpayer to be contributed towards annual interest upon out-

standing bonds; together with an amount nearly approximating that last interest aggregate amount, needed to be paid for principal upon outstanding bonds, that all bonds be finally paid at maturity in order to preserve the credit of future public needs, developments, and required activities of that future. When the present public of taxpayers calmly reflect upon the real situation in which it had already placed itself through voting the bonds which now restrain and hamper their freedom of action, both as individuals and as the public itself, there may come a time when that public will confess to itself

that it has not only sold its heritage of freedom itself for a "mess of pottage", but has sold itself into bondage as well. It may finally emerge from the maze of bonds which surround and encompass it on every side. It may finally awake from its dreams of expected progress and development as the result of many classes of bond issues, and find those dreams were only nightmares after all. The individual members of the public may finally become fully awake to the results, and when bonds are again mentioned, each decisively say—"NO MORE BONDS FOR MINE."

## Questions and Answers

**Q. What class of sureties, and securities are permitted by law to secure the deposits of public money in banking institutions. Are private sureties permitted upon such bonds?**

**A.** In 1923 the legislature in an amendment, which in terms repealed all acts and parts of acts inconsistent therewith, enacted as follows:—

"Any such bank deciding to avail itself of the benefits of the provisions of the next preceding section shall make, execute and deliver a bond or bonds issued by some surety company whose name appears on the list of such approved companies of the Treasury Department of the United States and authorized to do business in this State, which said bond or bonds shall be approved as to form by the Attorney General of the State in the case of state moneys, and by the County Attorney of the County interested in the case of county moneys, in a penalty which shall not be less than the amount which the said bank may be entitled to receive on deposit under the provisions of the next preceding section; providing, however, that any said bank desiring so to do may deposit with the State Treasurer or with the County Treasurer, as the case may be, in lieu of a surety bond, regularly issued and interest bearing bonds of the following

character: United States Government bonds, State, County, Municipal and School District improvement bonds; provided further, that any such state, county, municipal and school district bonds accepted as surety as herein provided, shall be accepted at the actual value thereof, if not above par, and if at any time the actual or market value thereof should drop to below par, such additional bonds as may be required to guarantee said deposit or deposits, shall be demanded by the state or county treasurer, as the case may be, and shall be deposited by the bank affected; conditioned that such bank will promptly pay out to the parties entitled thereto, of public moneys in its hands, upon lawful demand therefor, and will, whenever thereunto required by law, pay over to the State Treasurer such moneys with interest thereon as hereinafter provided in the case of State moneys, and to the county treasurer such moneys, with interest as hereinafter provided, in the case of County moneys."

Inasmuch as the above provision covers the whole subject, and does not refer to any bond with individuals as sureties thereon, it would seem that bonds taken since the law came into effect, would not be proper bonds unless the surety thereon was a surety company of the class referred to in the law itself, and that individual sureties on such bonds are not such as would satisfy the provisions thereof.

## IN MEMORY OF

# GENERAL JOHN C. GREENWAY

---

ON THE 26TH DAY OF JANUARY, 1926, THE PEOPLE THRU-  
OUT THE STATE OF ARIZONA PAID THEIR LAST TRIBUTE OF  
LOVE AND RESPECT TO THE LATE GENERAL JOHN C.  
GREENWAY. THERE IS NO ONE OF THE HUNDREDS WHO  
KNEW HIM WHO COULD NOT SINCERELY SAY, "HE WAS MY  
FRIEND", AND IN HIS PASSING THE STATE OF ARIZONA HAS  
LOST ONE OF HER BEST FRIENDS.

IT IS DIFFICULT FOR THOSE WHO KNEW HIM TO REALIZE  
EVEN YET THAT GENERAL GREENWAY WILL NEVER AGAIN  
GREET THEM WITH HIS HELPFUL WORDS AND CHEERY SMILE.  
HE WILL BE MISSED BY OLD AND YOUNG, FROM THE HIGHEST  
IN POSITION TO THE HUMBLEST. TO ALL HE WAS THE SAME—  
KIND, COURTEOUS AND CONSIDERATE.

AND THUS WE SAY FAREWELL TO ONE WHO EVER HAD  
THE WELFARE OF ARIZONA AT HEART, WITH THE CONFIDENT  
ASSURANCE THAT HE HAS BUT PASSED OVER TO THE LIFE  
WHICH IS MORE ABUNDANT, MORE FULL OF WORTH, AND IN-  
FINITELY MORE RADIANT WITH REAL HAPPINESS THAN THIS  
CAN EVER BE.



## Restrictions Against Exceeding Budget Appropriations

When the state legislature amended the county estimate law in 1921, it made provision for emergencies. In fact the one objection to the use of such a law as applied to county purposes was that the old law made no provision for real emergencies. At the time many of the counties were facing the results of coping with a state wide spread of an epidemic of influenza. This epidemic was so extensive that the public health departments were forced to lend all possible aid in curtailing the ravages of the disease, and in consequence the boards of supervisors were swamped with unexpected bills against their respective counties, for which there had been no provision made in the annual estimates of the year to make payment. Emergencies such as above referred to, or similar thereto, were the emergencies, and were what the 1921 legislature had in mind when in the amendment to the county estimate, or county "budget law" of that year it said:—

"In the event of epidemics or disease, or act of God, which result in damage or disaster to the works, roads, buildings, or property of a county, city or town, or which menaces the life, health, or property of any considerable number of persons therein, and the results of which have not been anticipated in the budget as above in this act provided for, or in event of other emergency and which may require an incurring of liability or expenses in connection with the restoration of works, roads, buildings, or property, or removing the menace above referred to, or caring for the emergency, and restricted to cases where no other funds have been provided, or appropriated, the boards of supervisors, the council, commission, or governing bodies of cities or towns affected by such acts or conditions may present to the State Tax Commission, in writing, the facts as to the particular emergency . . . etc."

Followed by language controlling the particular circumstances under which an extra expenditure, over and above

the appropriations of the budget, may be allowed.

As a sidelight upon the real intent of the legislature, it is significant that almost identical provisions as to what would be an emergency as applied to state funds, with the exception that the Governor might proclaim such an emergency, had been enacted.

There can be no doubt as to what the legislature intended to permit and what it intended to prohibit in connection with the use of county funds. The budget law as applied to counties has been presented to our readers many times. When the legislature said, as it did say:—

**"And no debt, obligation, or liability, shall be incurred or created in any year in excess of the amounts specified therein as an amount proposed and finally adopted for each purpose therein named"** it was speaking directly to every county officer, and to every officer of towns and cities. The legislature was saying to all these officers, in force and intended effect, that each and all must operate their respective offices, within the expense allowances provided therefor in the adopted budgets covering each fiscal year of those operations.

The legislature fixed a maximum limit as to what amount of expenses could be made. The legislature expected that each officer of counties, cities and towns, who as the head of any office, and as such thereof, has charge and supervision of its affairs, would use executive ability enough to plan an annual course for the activities of that office, which could be carried out within the limits of expense appropriations. The legislature imposed upon every officer a duty, just as imperative as any other duty, connected with any office, that such officer should not create expenses in excess of the amount allowed in the annual budget. The legislature went even farther. It specialized and emphasized the particular duty of keeping within the expense allowance. It did so in the provision of the budget law itself, when referring to the restrictions im-

posed against creating debts and incurring liabilities in excess of the budget appropriations for any year, it went on and provided:—

**"Any officer or officers violating any of the provisions of . . . 4842 of this act shall be guilty of a misdemeanor, and upon conviction, shall be fined in any sum not less than one hundred dollars nor more than three hundred dollars each."**

There is no penalty attached to any failure to act efficiently in the course of directing the activities of any office. An officer may neglect to do, that which some member of an over-zealous public might deem advisable should be done. An officer can let his official acts be in accord with the clamor of public demand, to the full extent that official discretion concurs therein, but in so doing, that officers must at all times bear in mind, that the legislature has provided a full protection to the whole taxpaying public, a public which includes those who request or insist upon certain lines of official conduct, as well as those who remain silent and depend solely upon the presumption that every officer will properly perform his duty, that full protection is afforded in the provisions of law above quoted and to which reference is made. Those provisions do not expressly favor, nor intend to favor, the activities of any particular office, or officer of the counties, cities and towns. It limits the expenditures of all within the confines of the adopted budgets, and penalizes any over-expenditure of any officer whomsoever.

All of the above being plain. All intended to protect taxpayers against any excess expenditure except in the real emergencies as provided to be such, any officer, who has in fact violated that plain intent should not be permitted to resort to some claim of emergency, that funds may be provided to further still more a course of indifference to the amounts of expenses made, within or without the budget allowance for the expenses of such officer.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME THIRTEEN

PHOENIX, ARIZONA, MARCH, 1926.

NUMBER THREE

## CLASSIFICATION OF TAXES FOR STATE PURPOSES FOR THE YEAR 1925

Purpose	Amount	Percentage of total State Tax	Portion of 78c State Tax Rate
Educational .....	\$ 2,730,063.17	54.61%	\$ .4260
Roads and Bridges .....	592,290.16	11.85%	.0924
State Institutions, other than Educational .....	592,281.00	11.85%	.0924
Administrative and Departmental .....	666,815.80	13.34%	.1041
Legislative, Legal and Judicial .....	186,992.23	3.74%	.0292
Interest and Redemption .....	80,367.06	1.61%	.0125
Miscellaneous Appropriations .....	150,177.58	3.00%	.0234
Total, .....	\$ 4,998,987.00	100.00%	\$ .7800

THE ABOVE TABLE SHOWS A SUMMARY OF AMOUNTS RAISED BY THE STATE TAX LEVY FOR 1925, FOR VARIOUS STATE PURPOSES AND THE PERCENTAGE OF EACH TO THE TOTAL LEVY, ALSO THE PORTION OF THE 78c STATE TAX RATE DEVOTED TO EACH PURPOSE.



## EDITORIAL COMMENT

### Revise the School Laws as to the Purchasing of School Supplies

When the general subjects, purposes, and objects for which taxes are raised are surveyed with an idea of finding some place to lessen expenditures and thus decrease taxes, no public purpose which now calls for tax money that such purpose may be accomplished should be immune from consideration. No matter how much the public may desire real accomplishment along the lines of any established public activity, that same public is demanding that such accomplishment be consummated with a minimum of possible cost. Today the public has come to feel the need of watching the pennies, so to speak, that those pennies needlessly expended may not become dollars of needless expenditures which in the aggregate will continue to increase the aggregate of public expenditures beyond all limits of real necessity for expenditure, and defeat any real attempt at economy.

It must be remembered that of all the taxes levied for actual county purposes, as shown in tables recently appearing in issues of this magazine, twenty-six per cent, is raised for the general purpose of the counties, twenty-five and three quarters per cent is raised for interest and redemption funds of bonds; ten and twenty-eight one-hundredths per cent is raised for roads, and thirty-seven and ninety-four one-hundredths per cent is raised for county common school purposes. These per centages as to school funds do not include special district levies for school purposes. If the amount of "special district levies" for school purposes were added to the above percentage shown as county levies for common and high school purposes, the amount of actual funds raised in counties, for school purposes, not including state school funds which appear as state taxes raised in counties, that total would more than double.

A survey of taxes of all kinds, with that survey including the aggregates of increased taxation from year to year since statehood, will disclose that the greatest portion of increase appears in connection with school taxes, for general county school funds and special school district levies. If that survey should be extended into more details, it would disclose that the major proportion of increased cost of schools has

come about and is included in the costs of maintaining the schools, the equipment and paraphernalia to be used for school purposes, including what is really and properly understood to be school supplies.

Under the present school laws, with each school district board of trustees given power to make expenditures deemed necessary to the proper maintenance and conduct of the schools in each of some four hundred and eighty independent and distinct school districts, the question of what is necessary for proper maintenance and conduct of schools, the question of what are and what are not school purposes gauged by any equal rule as to educational facilities and requirements, has come to be more or less an unknown quantity. Each and every separate school board can use its discretion, and as to the particular district under its control, can determine how and for what school funds shall be expended. It is through this power that so many special district levies are made necessary throughout the state. Every new feature, every departure from the use of those text books which are provided by the state, intended to improve any school, each calls for additional expense. A school system which was intended by those who planned the constitutional provisions which relate to a state school system, in part supported with state raised funds, is not in fact either uniform as to educational opportunities afforded in different districts in the state, nor at all uniform as to the costs of maintaining those schools.

There still exists the impediment of local self government for schools as against what large numbers of the states have adopted as more improved methods. The broader view of modern educators is that a state school system should be such in fact and not in theory. That every school in every school district should be a similar unit of that state system, and that unit similar to all other units therein. Those broader views include the thought that equal efficiency in the results obtained for the public school system, can be obtained only when there is a uniformity as to the modes and means used and applied towards the desired end. Those have adopted the methods of efficiency which

apply to modern business. They fully appreciate that every large undertaking which consists of numerous units must have a controlling head. Appreciate that the same results can only be attained through uniformity of processes and activities towards producing that result. Every successful business becomes such through following out carefully planned lines of action. There is no "hit or miss" about those plans. The supervision, direction, and control starts from a common head, and continues in that head, no matter how many branches of the same business may exist. There is system in everything pertaining to modern everyday business. That system includes not only matters pertaining to the actual operation of the business itself, but to everything that pertains thereto, including purchasing departments, through whose activities all supplies and needs of the business are acquired. The system as applied to business enterprises, has been so applied after long experience as to how success may be obtained for the business. Many department stores, many classes of business which operate chains of stores. Many factories engaged in the manufacture of the same kind and class of goods, are examples of the application of a uniform system for operation of the individual units of the particular business. The best goods at the lowest prices is the slogan which attracts the attention of the public to the offerings of such business as a whole. The question may be asked as to how any business can make good their representations as to quality and price. The answer almost universally is because the purchases are made in quantities. Such purchases enable an obtaining of the lowest price, and which is a price that cannot be obtained by business competitors, who buy as they need, in small lots, and with no advance plans as to how much will be needed.

The purchases of supplies for schools. What equipment is needed, and what is indispensable to a proper conduct of the schools, are each matters for expert judgment of those who really know. It is no reflection upon any school board of any of the four to five hundred of such boards in the state of Arizona, to assert that many school trustees are not ex-

perts in school needs. To also assert, that after giving full credit to every school trustee in the state, and assuming that of the fourteen to fifteen hundred trustees who, collectively have charge of the actual operations of the common and high schools, and who determine the needs of those schools in the way of supplies, equipment, and improvement of grounds and buildings, such a credit as includes perfect honesty of intention and purpose, it may be said that they do not know what the schools need; nor to say that they do not know where to buy the best, nor where to buy the really necessary supplies at the minimum of price. To say further that even with such knowledge individual school boards, buying supplies and equipment in small quantities, under the rules of business, are unable to obtain the lowest price for such purchases.

Arizona can be proud of its public school system. Its people can continue to develop that system along improved methods of educational ideas. No one would undertake to say anything which would place a straw in the way of real educational progress as to the school system of Arizona. But the operation of those schools is the one largest enterprise of the state, from the standpoint of what it costs. The people desire the best schools possible, that same people find that due to all public activities, the tax-burdens are staggering in the amounts which have to be raised. The people desire economy where economy is possible. Economy means no more than the practice of saving a dollar where possible, without impairing results. If the present financial system, as pertains to the common schools, can be improved upon; if through a more centralized system of

control the educational features can be uniformly improved, and through a more centralized control of the expenditures, such a control as will permit the public to have the benefit of the best in quality the most in quantity, and all at the minimum of cost through quantity purchases, then the public certainly is entitled to have such centralized power established, regardless of present ideas as to home rule for home schools.

The whole public of the whole state is paying its tax-dollars towards the support of every school in the state. That statewide public is certainly entitled to have the best for its money, and entitled to have the most for each dollar expended towards obtaining the best, and is so entitled, regardless of whether or not the means of accomplishing those results, may include a curtailing of powers of local boards, and local school officers.

## Summary of The Years Activities of The State Taxpayers Association of Arizona

Rudolph Kuchler, President of the State Taxpayers Association of Arizona, gave the following summary of the years activities of the Association in a report at the Annual Meeting: "To the Membership of the State Taxpayers Association:

During the past year, the State Taxpayers Association, through its various departments has continued its efforts in line with the policy of the past twelve years; that is, to secure an efficient administration of public affairs at the lowest possible cost.

The Association, formed as it is of representatives of all classes of taxpayers in the State, is endeavoring to reduce the tax burden by the practice of economy, consistent with efficiency, in the expenditure of public funds, in the sure belief that if an era of wise and strictest economy can be inaugurated and maintained in all political subdivisions of the State and in our complex school system, then each taxpayer, large or small, will reap personal benefits.

The tax problem is the problem of the lowliest home-owner as much as it is of the great manufacturer or corporation. Taxation is an economic, not a political question, but the people of the State should elect members of the legislature of whatever party, who appreciate the necessity of curbing public expenditures and reducing the tax burden. Members of every session of the legislature are confronted with an avalanche of measures, every one of which means spending public money.

In view of the fact that the legislature has the power to make appropriations practically without limitation, its members therefore become a subject that directly affects every taxpayer. Too many pay no attention to legislative elections. Yet they are the very ones who complain about high taxes.

The same indifference is often manifest towards bond elections. When large bond issues are submitted to the vote of the people, apparently very little interest is shown by the public in general, although if passed the result will be an additional tax levy for interest and redemption each year until the bonds are finally paid.

The Taxpayers Association works on the idea that reduction in expenditures is the only means of reducing the tax burden, and in carrying on its work it is applying years of training and experience in tax matters for effective and economical government every day in the year. The Association as it enters upon the thirteenth year of its existence can look back upon many accomplishments for the benefit of the taxpayers of the state. Accomplishments in the way of beneficial tax legislation; curbing of bond issues; supervising budgets; giving assistance in the collection of delinquent taxes; advising with public officials as to the proper course of action to take in many matters effecting public finances; and in many other ways looking after the interests of the taxpayers of the state.

### Taxes For All Purposes

The total amount of taxes for all purposes in Arizona for the year 1925 was \$17,685,369.00 as compared with \$15,155,806.09 for 1924, an increase of \$2,529,562.91.

An increase to the amount of \$1,359,662.87, or more than half of the total increase which appears in the State taxes, is due mainly to greatly increased appropriations made by the last legislature for the educational institutions of the state. An increase of \$628,874.63 in Special District taxes and \$466,243.08 in General County taxes and an increase of \$74,782.33 in City and Town taxes accounts for the balance of the total aggregate increase.

### Bonded Indebtedness

The bonded indebtedness of the State and all of its political subdivisions in 1925 was \$47,544,589.13, an increase of \$3,852,344.82 over the previous years' total of \$43,692,244.31. This increase is largely due to additional Irrigation District and School District bonds.

It will be noted that a very large portion of the increased taxes and all the increase caused by additional bond issues are for purely local purposes, where the local community decides every item of expense. It is very apparent that if the aggregate tax burden of the State is to be reduced every local subdivision must do its share in reducing local expenditures.

### Proposed Budgets Reviewed

Each year the Taxpayers Association reviews the proposed budgets of each



county and city, on which the county, city and school district taxes are based. Public hearings provided for in the budget laws give the Association opportunity to go over with the County Boards of Supervisors and City Councils all items in the budgets and eliminate all proposed expenditures which are found to be unnecessary.

Reductions were made in the proposed county budgets for 1925 amounting to a total of \$469,745.28, and substantial reductions were obtained in several of the city and town budgets.

#### Emergency Levies

Several Emergency Levies requested by various counties were opposed by the Taxpayers Association and the requests were denied. The largest of these requests was that of Maricopa county for an emergency levy of \$80,479.29.

#### New Bond Issues

Many proposed bond issues were investigated by the Association. Those found to be unnecessary were opposed

and in a majority of cases defeated. Other issues were reduced in amount.

There was a marked reduction in the amount of city and county bonds issued during the year compared with previous years. As stated before the new bond issues were practically all school district and irrigation district bonds.

#### Taxpayers Magazine

The taxpayers Magazine has been issued each month for the past twelve years by this Association, and has kept the public informed upon all matters of taxation. Many articles and tables printed in the magazine have been extensively copied by the press of the state.

The information given in the magazine is accepted by all as authoritative as it has always been the policy of the magazine to print nothing but plain tax facts.

#### Purpose of the Association

The sole purpose of the State Taxpayers Association is to prevent waste of public funds, in order that the heavy

load of taxes may be lightened. Cooperation with public officials in the solution of the perplexing problems of taxation is the method employed by the Association, and this form of cooperation does not stop at state government but extends through county, school district and city to the smallest taxpaying unit in the state. Practically all the public officials welcome the assistance and cooperation of the State Taxpayers Association.

The people themselves have the remedy for decreasing the burden of taxation. They can demand of their officials that economy be exercised and that demand once observed, will bring about the desired result.

The Association during the ensuing year will continue to encourage a demand for economy, consistent with efficiency, in public affairs. There has been much accomplished, but there still remains much to be done".

## MORE ABOUT PUBLIC BONDS IN ARIZONA

In the last previous issue of the Magazine an extended table was presented to our readers which showed a distribution of bonded indebtedness of the public of Arizona, distributed so as to show amount of state bonds, and the amounts of other classes of bonds issued in each of the several counties of the state, including as to each county, county bonds proper, and the bonds of special districts, cities and towns of each county. The table which appears in connection with this article follows the subject further and shows the aggregates of bonds issued by the public of the state, segregating the amounts of state bonds outstanding into the classes and purpose for which such bonds were issued, and as to each of such classes the amounts of the outstanding issues of each as those aggregates appeared under dates of June 30, 1924, and June 30, 1925. The amounts given as to each year represent such amounts of bonds as are outstanding as direct liabilities of the state, carried forward from territorial days as then being territorial bonds of Arizona. The reductions in amounts have been made so as to credit amounts collected for redemption purposes. The state owes, after such reduction is made, \$747,972.43 represented by bonds issued for state purposes.

The state of Arizona has issued no purely state bonds since its admission as a state. The constitution of the state restricts the amount of state debts which

may be contracted to an amount of \$350,000.00, and still further limits that amount to such debts as may be contracted to "supply casual deficits or failures in revenues, or to meet expenses not otherwise provided for", and these restrictions preclude any state bond issues for public buildings, public improvements, highways or bridges, reclamation or other similar projects. Each election since statehood the voters have acted upon propositions to amend the state constitution, so as to remove the restrictions above mentioned, by increasing the amounts of debts and eliminating the restrictions as to purposes of debts to be secured, but every such proposition has been rejected by the voters. If any conclusion is to be drawn from this action by the voters of the whole state, both those who are property owners and other voters, it seems to be that those voters are not in favor of extending the power to issue bonds, nor to increase the amounts of bonds, nor to enlarge upon the purposes for which bonds can be issued.

When Arizona was admitted as a state, one of the conditions of that admission was that it would assume the bonded debts of the counties, cities and towns of the state, then outstanding. Since statehood, many of such bonds have been refunded as state debts, but as between the state and the counties and cities whose bonds were so refunded, these new state bonds are still treat-

ed as debts of the counties and cities originally liable therefor. So in preparing the table which appears in connection with this article, the amounts of these bonds are classed among general county bonds under the class of "funding bonds". The decreases shown in the amount of "county bonds", is due to a credit of redemption funds collected for final payment of county bonds when those bonds mature.

For the reason that the state itself was precluded from issuing bonds for highway purposes, the first state legislature provided that the various counties might issue county bonds for highway purposes. Since those provisions were enacted the various counties of the state have issued highway bonds to an amount of \$18,076,000.00. A bookkeeping credit of \$262,500.00 appears to reduce the aggregate bonded indebtedness of the counties to an amount of 17,813,500.00 for highway bonds. The words "bookkeeping credit" are used for the reasons that some of the counties have borrowed and used portions of these redemption funds for other county purposes, and the further reason that these funds were in some instances deposited in banks without proper and sufficient security for such deposits, and the banks have failed. That situation leaves the matter of actual amounts available to redeem bonds at maturity uncertain.

The table shows that in the one fiscal year from June 30, 1924, to June 30th,

1925, the amount of "School District Bonds" increased from \$10,707,400.00 to \$11,783,300.00, an increase of \$1,075,900.00, in the one year. Without going into details it may be said in general that this increase has come about largely through issuing bonds to build new school buildings, additions to buildings, new grounds upon which to erect additional school buildings in the future, and for improvements of school grounds by paving around such grounds, and other improvements thereon.

Cities and towns increased their aggregate bonded indebtedness from \$10,124,702.31 to \$10,501,647.13, after crediting all redemption funds.

The various irrigation districts of the state have a bonded debt aggregating \$2,588,000.00, of which \$2,243,000.00 were issued in the one fiscal year covered by the table.

Altogether the bonded indebtedness of the whole public in Arizona, dis-

tributed as shown in the tables of the previous article of the Magazine, and this article, increased \$3,852,334.82, in the single fiscal year covered by the tables.

The problem which now confronts the public is that of how much further the bonded indebtedness of that public will be increased in the future, and the same public continue able to pay taxes sufficient to meet interest and redemption funds upon new bond issues and carry the continuing burden incident to and inescapable from taxes required to meet interest and redemption funds upon bonds already outstanding.

A mere handful of voters can vote irrigation district bonds to any amount that the bond buyers can sell. The lands within such districts are sole security for such issues. If the projects fail the bonds will go by default. State, county, and school taxes, will go delinquent and

will become uncollectible. A short statement of future possibilities which should be carefully weighed before any more of these classes of bonds be put upon the market.

This Magazine is not to be understood as opposed to all proper feasible, and financially sound, propositions designed to increase the development of the state, or any portion thereof. It is true with reference to bond issues, that few vote upon the questions as to such issues. That many fail to "look before they leap" and so in repeated articles upon the subject of bond issues, the Magazine wishes to suggest as many phases of the effect of public bond issues as may be presented, that the public may not in future find that it has jumped into a quagmire of bonded indebtedness, from which there is no future escape, and as to which progress and development may through unwise issues of bonds, become public disaster.

**COMPARATIVE STATEMENT SHOWING TOTAL OUTSTANDING BONDED DEBT OF THE STATE OF ARIZONA AND ITS POLITICAL SUBDIVISIONS, AS OF JUNE 30, 1924 AND 1925, SEGREGATED AS TO PURPOSES OF ISSUE. (Compiled by State Tax Commission)**

	June 30, 1924	June 30, 1925	Increase	Decrease
<b>STATE BONDS:</b>				
Funding Bonds .....	\$ 709,972.43	\$ 709,972.43	\$	\$
Capitol Building Bonds .....	32,000.00	18,000.00		14,000.00
Asylum Building Bonds .....	20,000.00	20,000.00		
University Experimental Station Bds. ....	11,000.00			11,000.00
<b>TOTAL STATE BONDS .....</b>	<b>772,972.43</b>	<b>747,972.43</b>		<b>25,000.00</b>
<b>GENERAL COUNTY BONDS:</b>				
Road Bonds .....	18,076,000.00	17,813,500.00		262,500.00
Court House & Jail Bonds .....	497,000.00	541,000.00	44,000.00	
High School Bonds .....	185,000.00	185,000.00		
Hospital Bonds .....	80,000.00	80,000.00		
*Funding Bonds .....	2,425,169.57	2,396,169.57		29,000.00
<b>TOTAL GENERAL COUNTY BONDS .....</b>	<b>21,263,169.57</b>	<b>21,015,669.57</b>		<b>247,500.00</b>
<b>SPECIAL DISTRICT BONDS:</b>				
School District Bonds .....	10,707,400.00	11,783,300.00	1,075,900.00	
Drainage District Bonds .....	289,000.00	289,000.00		
Irrigation District Bonds .....	345,000.00	2,588,000.00	2,243,000.00	
Power District Bonds .....	190,000.00	617,000.00	427,000.00	
<b>TOTAL SPECIAL DISTRICT BONDS .....</b>	<b>11,531,400.00</b>	<b>15,277,300.00</b>	<b>3,745,900.00</b>	
<b>CITY AND TOWN BONDS:</b>				
Water Works, Elec. Light & Gas Bds. ....	5,653,500.00	5,986,250.00	332,750.00	
Sewer Bonds .....	1,832,500.00	1,943,500.00	111,000.00	
Street and Road Improvement Bonds .....	894,804.32	847,999.14		46,805.18
General Municipal Improvement Bds. ....	1,030,000.00	1,015,000.00		15,000.00
Funding Bonds .....	713,897.99	710,897.99		3,000.00
<b>TOTAL CITY AND TOWN BONDS .....</b>	<b>10,124,702.31</b>	<b>10,501,647.13</b>	<b>378,944.82</b>	
<b>TOTAL OF ALL BDS. OUTSTANDING .....</b>	<b>\$43,692,244.31</b>	<b>\$47,544,589.13</b>	<b>\$3,852,334.82</b>	

\*Includes \$868,805.82 "Railroad Bonds", Principal and Interest to be paid out of the "County Bonds Land Grant Fund."



## California Tax Authority Prepares Interesting Paper

### "Tax Equality in the Rising Burden of Taxation"

We are pleased to print in this issue of our Magazine an article, as interesting we take it, to the taxpayers of Arizona as to the taxpayers of California—prepared by Rolland Vandegrift M. A.

Mr. Vandegrift is one of the professors of the University of Southern California and is Director of Research for the California Taxation Improvement Association.

Mr. Vandegrift says:

"When the tax burden becomes so heavy to be oppressive, a redistribution of the tax burden is not the solution.

Some demagogues may ride to power through becoming the mouthpiece of some group which wishes to shift the tax burden to other groups. This shifting only aggravates the situation.

California's tax burden is presumably borne by all the property in accordance with its ability to pay. This theory is fundamental in taxation and, following it, we assume that each and every resource in the state will bear its share of taxes as nearly as can be determined. The responsibility of taxation must be distributed equitably, or taxation itself will drive investment out of over-taxed industry, and cause it to seek more favorable fields. When any of the resources of a state because of taxation or any other cause disappear, a source of taxation is wiped out. The tax burden is shifted to the remaining sources of revenue.

Every taxpayer, therefore, is concerned with the equitable distribution of the tax burden, not only because he does not wish to pay more than his share, but also because, if over-taxation destroys an industry or a source of revenue, the remaining sources must bear more taxes.

On the other hand, if the tax situation be favorable, and industry, agriculture, labor and all other forms of activity prosper and increase, the tax base is broadened, and the individual tax burden is lessened. New industries and new enterprises are also attracted by prosperity, and again the tax burden of the individual is lessened through a further broadening of the tax base.

### Excessive Tax Defeats Ability to Pay Theory

Tax equality upon the basis of ability to pay is not possible, however, where the tax burden itself is so great that the cost of government consumes, not only the revenue from property, but swallows

up part of the source of revenue itself. When this condition approaches, business or industries which are being operated on the smallest margin of profits disappear first. The taxes they paid are shifted to the remaining taxpayers, and the next group operating on the next closest margin of profit is likewise consumed. And so it continues.

When this condition of a tax burden increasing faster than assessed valuation and population, approaches, we immediately hear the cry of inequality in taxation. Undoubtedly inequality does exist, but it cannot be as universal as the claim. There is an effort on the part of some taxpayers to shift the tax burden to another group, even to the point of consuming the property of the second group. This may appear to offer a relief, but in the end it is a fallacy. The groups who have shifted the tax burden in time will find themselves with the entire burden.

### Equality of Taxation Desirable

If there be flagrant inequalities in tax levies, they should be remedied. We should strive toward equality of taxation, although complete equality of taxes is an "accident," according to a decision of one of California's highest tribunals. When our laws secure such equality, the millennium will have arrived.

### Equality of tax levies alone, moreover, does not relieve the taxpayers at large from excessive taxation.

The only solution which will relieve the taxpayers from excessive tax bills is to curtail public expenditures. The same rule should be established that no tax be levied which destroys the source of revenue. There should be the same economy in government expenditures as in business, and the same economic laws should be observed.

The rising tax burden is such that a period of recuperation is necessary to allow the sources of revenue to expand so as to be equal to public demands.

The tax bill of the people of the United States for 1924 showed an increase of 2 per cent over 1923, notwithstanding the Federal taxes declined \$125,000,000.00, according to current reports of the National Industrial Conference Board. The total tax bill was \$7,907,000,000.00. State taxes increased \$119,000,000.00, and local levies were \$147,000,000.00 more than in 1923.

### State and Local Taxes Absorb Federal Savings

Since the close of the World War, the

general tendency of Federal taxes has been downward, although the collection for 1924 was four and one-half times the amount collected in 1913. On the other hand, state and local levies continue to increase. Immediately following the war, the Federal government collected 60 per cent of the tax bill; state and local governments took 40 per cent. Now the condition is reversed. The Federal government has attempted to cut expenses to the bone; but nearly all state, county and municipal governments are indulging in a debauch of unbridled extravagance, while mortgages upon the farms are foreclosed, equities in city real estate are sacrificed, and business in general suffers under an increasing tax burden.

**What is saved by the Federal government is more than absorbed by increased state and local taxation. The psychology of spending must be changed to one of economy-mindedness, if this condition is to be remedied.**

The present attitude may well be illustrated by a chance remark made by one of the outstanding tax experts in the United States at the recent meeting of the National Tax Association in New Orleans a month ago. When discussing the possibilities of the Federal government abandoning the Federal Estate Tax as a source of revenue, he said:

"As soon as the Federal government goes out of this field of taxation my state will take up the slack, and collect that much more."

There was no disposition on his part to allow the tax reduction made possible by Federal savings to remain in the pockets of the taxpayers to be used to pay their mortgages and obligations.

### Increase of State and Local Taxes

Taxes levied for state and local purposes, according to the Census Bureau, are now (1924) more than two and a half times what they were ten years ago. The assessed value of property has increased only 79 per cent in that period.

This tremendous increase in taxation on an increased property valuation has not sufficed to supply funds for state and local governments. They have not only resorted to special taxes without number, but they have also borrowed tremendous sums through bond issues.

### Appalling Increase of Indebtedness

The state and local tax bills now aggregate more than \$5,000,000,000.00, an increase of \$3,286,000,000.00 in ten years. Add to this the borrowing which

has been estimated to be at an average rate of \$1,000,000,000.00 a year, and the situation assumes an appalling aspect.

Since 1912, state governments have increased their bonded indebtedness 142 per cent and local governments 200 per cent. The state and local governments can secure this money, for they borrow by selling tax exempt securities and thus raise the rates on money to private enterprise.

In addition, by increasing each year the \$15,000,000,000.00 tax exempt securities outstanding by another \$1,000,000,000.00 local governments are increasing the volume of wealth exempt from taxes and shifting the tax to property not so exempt.

**The farmer, the landowner in general, and any one, in fact, who cannot take advantage of tax free securities, are victims of the pyramiding of taxes on one hand and tax exempt securities on the other.**

In this light, it is well to dig from the mass of bills before Congress, House Bill No. 82, introduced by Mr. Hill of Maryland, which is headed "A bill to tax the net income on municipal and state securities hereafter issued, and to permit the state taxation of Federal securities hereafter issued." It has been referred to the Committee on Ways and Means. What is to become of it?

#### **Ban on Tax Exempt Securities Not Solution**

In this same connection, Senator Capper of Kansas asserts that the amendment to the Constitution prohibiting further issue of tax-free bonds is one of the chief items on his program of relief for the farmer.

Here again it seems that, while the prohibition of the issue of tax-free bonds may give some relief and check local extravagance, the problem is not entirely one of inequality. The appalling increase of the tax burden in the great agricultural state of Kansas, chargeable to ordinary expenses of government, seems to be the real difficulty. The per capita increase in Kansas for 1924 over 1917 was 507.3 per cent. It should be noted, however, that the large increase in 1924 was due to the payment of almost \$29,000,000.00 for soldiers' compensation.

#### **Tax on Tangible Property Increasing**

Representative Wood of Indiana is authority for the statement that tangible property is increasingly bearing the burdens of taxes, and tangible property is found largely in the agricultural communities. This would presume an inequality in the tax burden in favor of intangible property.

But, here again, the fault lies with the

local taxing units. The secret of the cause of this apparent inequality is in the inexcusable orgy of spending by local governments, not that tangible property is especially singled out for reprisal by the tax collector. It cannot generally escape the onslaught of the tax-gatherer, driven on by the tax-spenders, it is true, and so economic laws in their workings of readjustment of a decreasing return are more vivid in their operation in the case of tangible property. Intangibles are more mobile, and they thus escape taxation. Increased expenditures by state governments cannot be explained away by the statement that the increased costs are due to outlays on permanent improvements, for a recent publication by the Census Bureau for the year ending June 30, 1924 shows that since 1917, with one exception—Montana—there has been a tremendous increase of purely routine expenditures. This report defines routine expenditures as those expenses incurred in the daily operation and administration of government, exclusive of any public improvements, such as the construction of roads, school buildings, and other permanent improvements which add to the permanent assets of a state.

#### **Public Extravagance a Local Matter**

These facts clearly indicate that for the country at large extravagance in the expenditure of public money is chargeable to local government. No longer can the responsibility for high taxes and the high cost of living be placed at the door of Federal taxes. The economy program of the Federal government has been reflected in tax reduction which is tangible and hence understandable to the average citizen. The problem of the tax burden demanding solution is a matter of local self-government. One is tempted to say the problem resolves itself into too much local government and not enough return for the amount expended.

The people usually influenced by a small but active minority of tax spenders are responsible for the burdensome tax levies and bond issues which are being authorized. The people not only elect the local authorities and theoretically maintain control over them and thus directly control the tax levies and bond issues.

**Moreover, in states like California, where the initiative exists by direct ballot itself, the people not only authorize but make mandatory bond issues for specific purposes.**

A review of the demands of the people in every community in the United States will readily determine why its money goes. Where it goes is discernible from the evidence of lavish expenditure

seen everywhere, in city, town, village and extending into the rural districts. Our municipalities are living as extravagantly as a spendthrift youth, and counting the cost in the same fashion. The fundamental purposes of government set by our fathers are long since abandoned, and economy has given place to extravagant desires.

**The people, led on by officials whose political philosophy is spending, are themselves responsible for not counting the costs when they authorize rapidly increased expenditures. The pricking of the pocket-book nerve by the tax bill has, however, at last become a constant irritant.**

The excessive tax burden has caused each taxpayer to feel that there is inequality of the tax burden, and he is now certain that he is paying more than his share—his group, farmer or city dweller, he is sure is unequally taxed. Do the aggregate facts prove this?

The taxpayer is largely responsible for his present predicament. He alone can extricate himself by lessening his demands for governmental luxuries which must be paid for out of the public purse. The tax bill can only be reduced by spending less and by spending more wisely. It is time for the taxpayers to be more concerned with the expenditure of public money, and to see that the increased cost of government does not beyond all reason outstrip the legitimate increase in demands upon government by increased population.

**It is the taxpayer's job to see that the tax base is as wide as possible, and that only under very exceptional circumstances should any property be exempt from taxation.**

Unity by the taxpayers for tax reduction through economy and greater efficiency in government can secure and reflect in the local tax bills tax reduction, just as has been done in the Federal government.

This does not mean that a check in public expenditures will hamper progress. In a wealthy state like California, it does not imply the necessity of crippling roads, schools, civic buildings, or other public enterprises which are essential for progress and well-being. It does mean the lessening of the tax burden and an increased prosperity for our citizens by the establishment of economy, consistent with efficiency, in the expenditure of public money."



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription MARCH, 1926 50 cents

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## Extracts From A Recent Address by the Governor of Oregon

The Magazine is indebted to the Oregon Voter for the extracts from an address delivered by Governor Pierce of Oregon, the extracts being of portions of that address which are pertinent to issues before the Oregon public upon the same subjects of tax reduction, and effect of bond issues, as have been frequently commented upon in this Magazine.

Under the question, asked by the Governor: "Shall property be confiscated?" he said:

"There are other important issues, but the great unsettled question before the electorate today is:

Shall real property be confiscated by Taxation?"

Referring to economies in the actual expenditures of the state, and conformity to the budget, the Governor said:

"In every department of state government we have insisted that economy, with efficiency, be practiced and that each department should live within the amount appropriated for that department. I report to you tonight that this program has been carried out."

Having in mind the foregoing statement of Governor Pierce, as to economy, efficiency, and keeping within the budget, Oregon can well be congratulated upon the success of steps in the right direction.

In another article in this same issue

of the Magazine attention is called to the increased amount of irrigation bonds issued in Arizona during the fiscal year ending June 30th, 1925. Other issues of that same class of bonds are under contemplation. A portion of the speech of Governor Pierce is devoted to what is headed "Irrigation Finance Problems," and upon that subject he says:

"The irrigation districts organized under state law have presented a very difficult problem. Under the operation of our statutes giving the state authority to guarantee interest for five years upon irrigation bonds, a total of \$13,000,000.00 has been issued by various irrigation districts. Interest upon many of these bonds had been guaranteed by the state. The state was at least morally, if not legally, bound, by reason of commitments made, to finish the Jordan Valley and Tumalo projects, which had been organized under the Carey Act and partially completed plants. Both projects have been completed and water is now available to irrigate all irrigable lands within these two districts. . . . The state now has outstanding \$2,073,760.00 in bonds which it issued to pay interest for irrigation districts. Most of this will prove a total loss to the state. As these bonds are a general state obligation they must be paid in full by taxpayers of Oregon. . . . A carefully organized campaign is being planned at the present time, with some of our most brilliant men in the background, to compel this state to take up and pay the irrigation bonds issued by the various irrigation districts. . . . I am opposed to saddling these obligations upon the general taxpayers. Many of these irrigation districts were never desired by the real farmer, but were promoted by schemers who were seeking their own personal gain in inducing the farmer to become a part of the irrigation districts. There are many hundreds of honest, hard-working farmers who have spent many years upon their irrigated farms who now find that their homes are being taken to meet the obligations of the district. . . . It was a crime unpardonable to force the farmers of this state into these irrigation districts against their own will and judgment and rob them of the hard earned homes. It would be still a greater crime to unload upon the general taxpayer these irrigation projects, many of which have issued three times as much in bonds as the projects would cost under honest construction."

The Magazine attention is called to the increased amount of irrigation bonds issued in Arizona during the fiscal year ending June 30th, 1925. Other issues of that same class of bonds are under contemplation. A portion of the speech of Governor Pierce is devoted to what is headed "Irrigation Finance Problems," and upon that subject he says:

In Arizona there is no limit as to the amount of bonds which may be voted by an irrigation district. There is no requirement that these bonds shall be sold for par of the face of the bonds. Of course there is not yet any provision of law or constitution of Arizona, under which the state as such can be drawn in to the breach in case of default, but the figures given by Governor Pierce point significantly to the fact that out of a total of irrigation bonds issued in Oregon, of \$13,000,000.00, it is there generally understood that practically all of these bonds are in jeopardy. The Governor states that over \$2,073,760.00 of state bonds have been issued by Oregon to cover defaults in interest payment due upon such—not all—of irrigation bonds, the interest of which is guaranteed by the state. Farmers in Oregon are unable to pay irrigation district charges and are losing the farms on that account. No matter where the loss finally falls, such loss as will follow defaults in interest payments and in payment of the principal of those bonds, will result in the loss of credit for such bonds as might be issued for really feasible, practical, and properly financed irrigation districts. Such districts as are financed at figures for construction of irrigation, that the cultivation of the lands included therein can be successful enough to finally pay out, will quickly follow in the steps of default made as to projects brought out in the interests of schemers and speculators, land promoters and boomers. It is not so many years ago that irrigation bonds were unsalable. Some successes in irrigation projects, has more recently removed the prejudice of bond buyers, and some issues of irrigation district bonds have been sold. Let any considerable number of such bonds, as a class of bonds, go by default, and no matter if it appears that these districts which default were over-bonded, as the reason for default, it will again become impossible to finance any irrigation project at all, no matter how feasible.

The greatest loss, not only to the owners of lands under defaulting bond issues, but to the whole community, is the loss of public credit. If public credit of a state, or any of its subdivisions is once shaken, the whole public is affected. Not only will the particular subdivision in default suffer, but the whole public will suffer likewise. With public credit exhausted or destroyed, there at once arises an insurmountable obstacle to real progress and real development, funds cannot be obtained to make indispensable and actually required public improvements.

"Guard public credit." These were words used by the immortal Washington. The public of today can well follow the wisdom of those words.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME THIRTEEN

PHOENIX, ARIZONA, APRIL, 1926.

NUMBER FOUR

## TOTAL ASSESSED VALUATIONS OF ALL COUNTIES OF ARIZONA FOR THE YEAR 1925 SHOW- ING PERCENTAGE OF EACH TO TOTAL VALUATION FOR ENTIRE STATE

County	Assessed Valuation	Percentage of total State Valuation
APACHE .....	\$8,904,063.00	1.39%
NAVAJO .....	\$11,188,394.00	1.75%
SANTA CRUZ .....	\$12,012,747.00	1.87%
GRAHAM .....	\$12,091,714.00	1.89%
MOHAVE .....	\$14,518,452.00	2.27%
COCONINO .....	\$20,262,659.00	3.16%
GREENLEE .....	\$21,682,358.00	3.38%
YUMA .....	\$22,706,817.00	3.55%
PINAL .....	\$47,700,829.00	7.44%
PIMA .....	\$66,803,833.00	10.42%
GILA .....	\$83,654,866.00	13.05%
YAVAPAI .....	\$93,699,894.00	14.62%
COCHISE .....	\$108,146,537.00	16.87%
MARICOPA .....	\$117,522,692.00	18.34%
	<b>\$640,895,855.00</b>	<b>100.00%</b>

The above table shows the final assessed valuation of the taxable property of each county in the state as fixed for the tax rolls of the year 1925, and upon which all state and county taxes are levied for the purposes of the fiscal year 1925-1926.

The assessments for the year 1926 are now being prepared by the various County Assessors and the State Tax Commission.



## EDITORIAL COMMENT

# Protect The Trust Funds

Before this issue of the Magazine is off the press, the state of Arizona will have taken judgment, in all probability, in foreclosure suits on 9,000 acres of land in Apache county, under the so-called Lyman dam project.

Just what the state of Arizona will be able to realize out of this land appears problematical, but it is certain that no appreciable part of the \$372,000 of state trust funds which were loaned by the state to non-residents of Arizona will be recovered, even under the most favorable circumstances. Nor does the sum of \$372,000 by any means represent the amount of the loss sustained through the unwise disbursement of state trust funds in connection with this venture. It is probably less than half, perhaps only a third, of the sum that has been taken from the school children of Arizona and flung into the Little Colorado river in the hope that ultimately some way might be found of paying it back.

The \$372,000 loaned to Denver interests who were engaged in promoting a private reclamation project is part of a principal amount of \$627,000 which the state of Arizona, through its state loan board, as constituted under different administrations, saw fit to "invest" in this project. To the principal there must be added the interest, which remains unpaid over a term of years, and the expense of numerous engineering investigations, reports, surveys, and travel cost of frequent visits of state officials, members of the legislature, agricultural experts and others to the ill-fated reclamation project.

It is certainly regrettable that the state ever embarked upon such a venture—regrettable that, once it had been launched into the business of financing the Lyman dam project, it should have continued to "throw good money after bad." It is hard to believe that any hard-headed business man or banker would have consented to loan money on land so remote from a railroad, where the growing season is short, and the water supply provided by an earth dam susceptible of being seriously damaged or washed

away by every spring freshet. The fact remains, however, that state trust funds have been so loaned, and with faint hope of their ultimate recovery.

The fact that state trust funds have been so loaned as to render hope of their recovery extremely unlikely should certainly operate as a solemn warning to all who are charged with the responsibility of administering and investing public funds. That responsibility rests on state, county and municipal officers, upon whose judgment in the final analysis rests the preservation or the dissipation of the funds entrusted to their care. It is a remarkable fact that "engineers" (so-called) can be found who will report favorably on almost every scheme that the mind of man can propose, and there is always the added consideration that those benefited by the loaning of public money are voters, and that they will respectively reward or punish at the polls those who favor or oppose the carrying out of their plans.

It takes courage for the public officer to refuse the demands of a noisy minority when their designs run counter to the general welfare, and would result in the loss of trust funds set apart and dedicated to certain high purposes. His refusals may mean political defeat. But unless and until our public officers possess and exercise the courage of their convictions, regardless of consequence, we may see in the future, as in the past, the dissipation of our trust funds in visionary projects founded on unwarranted optimism.

In so far as the actual bona fide settlers on the Lyman project are concerned, it will be generally conceded that the motives which impelled state officials to advance money to assist them in working out their salvation were on the whole, laudable. These people had been led to invest their savings in lands under the Lyman dam upon the representation that their efforts would be crowned with success, and they came to Arizona and established their homes here. When the financial difficulties first arose, it seemed a fine and gener-

ous thing for the state to come to their aid, and that idea undoubtedly was the governing factor in the decision to lend state funds on mortgages under the project.

The ultimate outcome of the undertaking, however, is that the state of Arizona, through the use of trust funds set apart and dedicated to the benefit of the school children of the state, has been used to pull the chestnuts out of the fire for a group of land promoters, non-residents of Arizona, and whose interest in the welfare of this state or of its citizens is virtually nil. Using the idealistic bait that the state must come to the aid of those whom they had induced to settle on lands under the Lyman dam, these non-residents were successful in persuading those charged with the administration of trust funds to embark on a program which could end only as it has with the state "holding the sack". That was an outcome which could have been foreseen, had ordinary business judgment been applied to the problem.

Of course the state is not the only party left "holding the sack". The bona fide settlers are also facing a distressing situation. Their homes and their means of making a livelihood are in jeopardy, and they are living under a cloud of uncertainty as to the outcome.

Certainly nobody believes that these people will be dispossessed of their holdings and summarily ejected by the state of which they are loyal and industrious citizens. The legislature may be given yet another opportunity to enact some intelligent plan under which those who were led to invest their savings in this project will be given an opportunity to pay out over a term of 25 or 30 years. That would be a much better solution than for the state to foreclose and turn the land back to coyotes and jack rabbits. But even that outcome, undesirable as it would be, would be better than dumping any more public trust funds into the chasm.

# Tax Increases Blamed On Uplift Organizations

Uplift organizations are in part to blame for tax increases, M. S. Winder, Vice Chairman of the Utah Taxpayers' Association told taxpayers of Weber county, that state, at a recent meeting held at Ogden. Reporting Mr. Winder's address, the Ogden Standard-Examiner says:

"Mr. Winder explained the history of the present organization and pointed out that in the last ten years, many additional departments have been added to the state government to care for the demands of the people. Statistics now show, he said, that departments have so multiplied that now we have 10 men to every one employed 20 years ago.

"The public, he said, is insisting upon privileges we never thought of 20 years ago in educational facilities for children especially. Construction and maintenance of roads eat deeply into our public funds and there is an army of officers to see that we obey the law and that the laws are carried out.

"Mr. Winder pointed out that social welfare and uplift organizations are continuously appearing before public officials and asking appropriations for some vague use. Not many years hence, he said, if these people have their way a child will be taken from its mother's arms at birth, reared and educated by them and then we will have a public class of people who will be absolute failures as worthwhile citizens.

## Worked To Death

"The social uplifters and welfare organizations are working things to death," the speaker said, and if the taxpayers had courage enough they would save thousands of dollars by saying, "No; we have no funds to pay for this."

We should back up our officials and assure them we are with them in refusing to make expenditures we do not think necessary.

"We have gone in debt for about everything we can go in for and the figures show that the bonded debt is now nearly \$100 for every man, woman and child in Utah.

"It would be a splendid idea to pay as we go. In Weber county you brought this out in the recent bond election for the county high school when you voted a special levy rather than for bonds over a period of 20 years. We must keep this in mind, pay as we go, and not pile up a burden that will break the backs of the next generation. If it is necessary to bond let's have serial bonds and not have a situation such as you have here in the city hall, where the building cost \$100,000 and \$160,000 has already been paid in interest and still the principal remains. Make payments in full in 10 years and not drag the matter on into future generations.

"Let's stand back of our public officials in their desire to do their duty and see to it that if a group seeks special favors that we are on hand to see that the demand is absolutely necessary before it is granted.

"Let's make this association continue to grow until it becomes the greatest force for good in our state and justify the wisdom of its founders. Let's determine that we will get 100 per cent for every dollar expended.

## Individual Powerless

"An individual taxpayer may righteously object to extravagances and inefficiency. When he looks at his tax notice he becomes outraged at this imposition upon him—but he is powerless. He can object strenuously but his voice is lost. But if he can join in with his fellows under some leadership and agree on a common program and show sufficient strength before public officials to get respectful hearing, a change of heart will come over those who in the past have been extravagant. That is the whole plan of the Utah Taxpayers' Association—to get the taxpayers together in their own interest.

"The Utah Taxpayers' Association has done this. It has brought together these taxpayers in each county of the state. They are thinking together; they are realizing expenditures together; they appear before public officials to-

gether, and as a body they come to conclusion as to what they can afford—as to what should be done and as to what should not be done. In the aggregate hundreds of thousands of dollars have already been saved through this process.

"The Utah Taxpayers' Association, through its committees, has been able to point out specifically what proposed activities were not essential; which ones could be deferred; how certain activities could be done at lower costs; how leaks and losses could be overcome. The taxpayers' association has created a spirit of caution on the part of public officials who know that an organized body is watching the manner in which they represent the public. The taxpayers' association has aroused the public to the point that they know they must serve themselves. There is an awakening on the part of all the taxpayers to the fact that the tax problems belong to them.

## Grows In Influence

"The taxpayers' association is not a haphazard, spasmodic organization. It is a continuous one, growing in influence and power. It is analyzing all the budgets, all the levies, all the proposed bond issues and reporting back to the people what the facts are. When the people know the facts they are able to vote and act intelligently. Several proposed bond issues have been defeated because the Utah Taxpayers' association convinced the people that they were not justified and no doubt many other bond issues would have been proposed had it not been for the fact that the sponsors knew it would be subjected to the careful scrutiny of the Utah Taxpayers' Association.

"The Utah Taxpayers' Association has won over the press and many other public agencies to their support. The Utah Taxpayers' association has demonstrated that taxpayers, by joining together in a practical way, can have control over the manner in which the taxes shall be raised, the amount to be raised and the amount to be spent."



# What a Home-Owner Must Pay in Taxes Upon

The table which follows this article has been prepared with care, after close investigation and ascertainment of the rates of taxes which apply for state, county, city, town and school districts, upon property located within the limits of various incorporated towns and cities of Arizona. The state rate per hundred of valuation is the same thruout all towns and cities of the state. The rates for strictly county purposes, for city and town, purposes vary with each county, city and town of the state, and there is no uniformity of rate to apply to the various school districts supported and maintained in whole or in part by taxation—special school taxes—levied upon city and town property.

The table is prepared to show just how much a residence property, which stands upon the tax rolls with an assessment value of \$4,000.00 costs its owner per year in direct taxes. The table shows such a variation of costs in taxes, as to be worth considering. In Winkelman, the owner of a four thousand dollar home was called upon to pay \$103.85 in taxes for the present year, for the privilege of living in that owner's own home. In Miami, the owner of a home of the same valuation was called upon to pay, \$231.54 for a similar privilege. Such an owner can take the table, and figure out from the rates given as applied to that owner's town or city home just how much of the total taxes go for state purposes, for county purposes, for city and town purposes, and for school district purposes. In an attempt to ascertain just how much it costs to operate the schools of the districts included in that city or town, or the districts which include any city or town, it should be remembered, that the amounts which appear under the column, headed:—"School District Rate" are special levy rates, that school funds for general distribution to all school districts of the county, are raised either by the state, and included in the 78 cent state rate, or included in the rates given under heading:—"County Rates".

It will be noted in the table that there are four different tax rates that go to make up the total tax levy upon property situated in each city and town. The

state rate of 78 cents, which is the same on all property in the state. The county rates as shown in the table vary from 55 cents for Cochise county to \$1.793 for Navajo county. The city rates vary from 50 cents for Snowflake to \$3.10 for Miami, and the rates for the school districts vary from 19 cents for Pima to \$1.55 for Wickenburg.

A careful study of the table will show a resident of any city or town just how their tax rates for the various purposes compare with all other cities and towns in the state. If the taxpayers of each city and town will investigate the reason for rates that are disproportionately high in their community as compared to other localities in the state they may, upon such investigation, find ways to reduce those high rates in the future. Of course there are local conditions that govern the tax rates to a great extent but after all there is something to think about when one county can carry on with a tax rate of 55 cents and it is necessary for another county to have a rate of \$1.793. Also when many cities and towns manage to get along with rates from 50 cents to \$1.00 while it is necessary for others to have rates from \$2.00 up to \$3.10. There also seems to be an unnecessary range in the school district rates, as these rates provide funds for the particular school districts in addition to the regular per capita allowance for school purposes which is raised by the state and county tax rates. As stated above these school district rates vary from 19 cents for Pima to \$1.55 for Wickenburg.

Let our city dweller also consider the fact, that if the particular home in which that dweller is interested, happens to be situated upon a paved street, to pave which a special paving district was created, then for a term of years, an annual installment of from \$40.00 to \$50.00, will become due and payable upon "paving bonds" as amounts to be added to the taxes covered in and to be paid annually by that same home-owner.

The general public has not fully recovered from the effect of the so-called "high-cost of living", as applied to the real necessities of life. The above table

is silent evidence, that some goodly portion of what enters into the subject of that high cost, grew up in proportion as the amounts raised and required for public expenditures have increased by leaps and bounds, during the past ten years. If some of our readers are not interested in the tax costs of owning their own homes, there may be many of them who rent homes of the class mentioned. Or rent homes of any other value from the standpoint of taxation and assessment purposes. As to the latter the proportion of cost in annual taxes, varies in the same proportionate ratio that actual assessed valuations may vary above or below the \$4,000.00 home used to illustrate the points of this article. That renter may not be directly interested in the taxes paid. That renter will certainly be interested in such efforts as the landlord may make, to obtain rents enough from the residence property rented, to pay taxes, to pay insurance, to make repairs, and with it all to have left something to represent profit upon the investment in the house in point in each case.

Habits of thrift and economy, accompanied with a certain amount of careful conservatism as to what shall become a matter of public expense, with resulting increase of taxes, will go a long ways towards reducing the actual cost of living. At least the cost of being comfortably "housed". And while it may be true that not any of the present public would willingly go back to and live among the many hardships encountered by our forefathers, the pioneers of our state. Yet among our predecessors, and forefathers there were many who lived and enjoyed the peace and contentment which followed a life free from unnecessary worry over debts and taxes, and to whom the practice of making the very best out of everything they did have, and refusing to plunge into reckless extravagances and indulgencies in luxuries, and who so lived and finally succeeded to acquire something for old age and rainy day, that no matter how much faster the present age may be living than was lived in the past, there still remains some object lesson, some possible beneficial idea, that may yet be used towards relieving the strain of our taxpayers, as now exists in connection with paying taxes upon the homes in which they live.

# *\$4000.00 Home in Arizona Cities and Towns*

## TAXES ON A \$4,000.00 HOME

Showing the 1925 Tax Rate per \$100.00 of Assessed Valuation on property located in each city and town in Arizona, also the total taxes required to be paid by property owners of the various cities and towns on a \$4,000.00 home.

State Rate	County Rate	City Rate	School District Rate	Total Rate	Total Amt. of Taxes on \$4,000.00 Valuation
.78	.7942	.70	.322	\$2.5962	<i>\$103.85</i>
.78	.55	.98	.567	2.877	<i>115.08</i>
.78	.55	1.51	.334	3.174	<i>126.96</i>
.78	.756	1.366	.3141	3.2161	<i>128.64</i>
.78	.55	1.00	1.07	3.40	<i>136.00</i>
.78	1.74	.70	.19	3.41	<i>136.40</i>
.78	.756	1.00	1.00	3.536	<i>141.44</i>
.78	1.0605	1.362	.4456	3.6481	<i>145.92</i>
.78	.55	2.0346	.2836	3.6482	<i>149.93</i>
.78	.55	1.00	1.46	3.79	<i>151.60</i>
.78	1.74	.55	.84	3.91	<i>156.40</i>
.78	1.44	.64	1.10	3.96	<i>158.40</i>
.78	1.793	.50	.938	4.011	<i>160.44</i>
.78	1.652	1.03	.643	4.105	<i>164.20</i>
.78	1.44	1.08	.88	4.18	<i>167.20</i>
.78	1.44	.83	1.21	4.26	<i>170.40</i>
.78	1.22	1.38	.88	4.26	<i>170.40</i>
.78	1.18	1.54	.93	4.43	<i>177.20</i>
.78	1.74	.87	1.17	4.56	<i>182.40</i>
.78	1.44	1.29	1.11	4.62	<i>184.80</i>
.78	1.44	1.18	1.23	4.63	<i>185.20</i>
.78	1.035	2.05	.7818	4.6468	<i>185.87</i>
.78	1.793	1.254	.85	4.677	<i>187.08</i>
.78	1.44	.94	1.55	4.71	<i>188.40</i>
.78	.7942	2.50	.6385	4.7127	<i>188.51</i>
.78	1.0605	2.32	.5547	4.7152	<i>188.61</i>
.78	1.44	1.49	1.03	4.74	<i>189.60</i>
.78	1.035	2.04	.9312	4.7862	<i>191.45</i>
.78	1.74	1.75	.6420	4.912	<i>196.48</i>
.78	1.793	1.955	.6445	5.1725	<i>206.90</i>
.78	1.74	2.194	.698	5.412	<i>216.48</i>
.78	.7942	3.10	1.1143	5.7885	<i>231.54</i>



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription APRIL, 1926 50 cents

OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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## A Friend of The People

Although little mention was given in the press of Arizona to his passing, the people of this state and of every state in the union, owe a debt of gratitude to William W. Crapo, whose death at New Bedford, Massachusetts, occurred on March 1st. For it was he who originated the phrase "The Public Offices are a Public Trust" a declaration destined to go down in history and to provide a test of fitness for public office.

A man who had a brilliant career as a lawyer and a business executive, who served in Congress for fourteen years, Mr. Crapo's achievements marked him as a man of exceptional ability. But long after his record is forgotten, the truth of the phrase which he put so succinctly will continue to be recognized.

A public office IS a public trust, and

blind indeed is any man or set of men failing to recognize and enforce that truth. There are still some who act as if they believed that a public office is a private snap, to be administered for their own benefit and that of their relatives and friends, in which the various perquisites and emoluments of office are to be utilized to serve private advantage, and the business of SERVING the public to be given only the minimum of attention necessary to prevent public protest. Office holders of this type will

scarcely mourn the passing of the man who preached that a public office is a public trust. In fact they never heard of such a doctrine, or if they did, it was but to laugh it off.

Happily there is widening appreciation of the fact that a public office is in reality a public trust, and the public, through application of this sure test to all who seek to continue in public office, can if it will only do so weed out the indifferent, the unfit and the dishonest from its employ.

## California Taxpayers Organize

Organization of the California Taxpayers' Association, which has been incorporated under the laws of that state, to work for economy and efficiency of government and reduction of taxes, is but another indication of the general demand throughout the nation on the part of people of all walks of life for a lightening of the tax burden.

Purpose of the new California organization as set forth in the constitution and by-laws are:

"(a) To bring about, through non-partisan and non-political means, in the interest of all taxpayers in the State of California, by mutual effort, the greatest possible economies consistent with efficiency, in the collection and expenditure of public monies, to the end that taxes, in the State of California, and in the counties, cities and other political sub-divisions of said state, shall be reduced.

"(b) To advise and co-operate with public officials and other agencies who may endeavor to reduce taxes within said state.

"(c) To conduct non-partisan and non-political research studies of the cost of government, particularly of the state of California and the various political sub-divisions thereof, and to furnish to taxpayers and public officials accurate information concerning same, and to initiate or cooperate in the advancement of movement to promote efficiency and economy in government in all of its phases.

"(d) To bring together as members

of this Association, such persons, firms, associations and corporations as may be interested in co-operating in the furthering of the work, purposes and ends for which this Association is organized.

"(e) To educate the membership of this Association, other taxpayers and the public generally, upon questions concerning the administration of and economies in the collection and expenditure of public funds.

"(f) To organize and establish throughout the State of California, such city, county and district taxpayers' committees as the Board of Directors of this Association may deem necessary or advisable in furtherance of the ends and purposes of this Association."

### "Pulling No Chestnuts from the Fire"

"It has been definitely and rigidly agreed that the CALIFORNIA TAXPAYERS ASSOCIATION shall 'pull no chestnuts from the fire for any particular interests,' but that the whole force of the Association shall be directed to the general improvement of the taxation situation in the equal interests of all classes.

"The Association has no intention of indulging in muck-raking, and has no thesis or theory to prove. Its work will be open and aboveboard, and the results of its efficient research department will be given to the public continuously through the columns of the public press, and by employing as one medium, the monthly magazine, California Tax Digest."

# A BETTER WAY

Taxpayers of Maricopa and Graham Counties will join with this Magazine in congratulating their boards of supervisors over the withdrawal of applications for authority to impose emergency levies aggregating nearly \$50,000, and the announcement that the offices in these counties are to be placed hereafter on a monthly budget.

Application for permission to raise \$41,000 by an emergency levy to meet deficits incurred or about to be incurred by various county offices was filed recently with the state tax commission by the Maricopa County Supervisors. Among the items listed for which funds had been exhausted was that of providing for the collection of delinquent taxes, a very necessary proceeding in which commendable progress is being made. Shortly after the Maricopa application was presented, Graham County came

forward with a request for over \$6,000 to make up estimated deficits in revenue.

It has now been found that the amount of the deficits occurring in some offices of these counties have been more than offset by underestimates of the amount receivable from sources other than taxation. In Maricopa County collections from license fees and various items of miscellaneous revenue have exceeded by approximately \$50,000 the amount which it had been estimated would be forthcoming from these sources. In Graham County the increased revenue from sources other than taxation will exceed the amount estimated by \$10,000, it is stated.

In view of this situation the State Tax Commission promptly and cheerfully granted its permission for the excess funds thus received to be applied to

make up the deficits, thus relieving the property taxpayers from imposition of an additional burden.

What may be more important than alleviating the emergency which appeared to have arisen in these two counties is the adoption by the county supervisors of a rigid month by month allowance for all county offices. The county officer who might be disposed to expend most of his yearly budget during periods of slack business, and who, in consequence, finds his office without the funds necessary to provide for a period of "rush business" will find that he is automatically limited each month to one twelfth of his yearly budget. Strict adherence to that rule in each of the counties of this state would go far toward making an application for an "emergency levy" a remote possibility.

# GAS TAX EXEMPTION

Asserting that the exemption provision of the Arizona Gasoline Tax Law is being abused to an excessive degree, "Arizona Highways" published by the State Highway Department says editorially: "Gasoline tax exemptions in Arizona are excessive and the number of those favored with these exemptions is growing. The situation is becoming so acute that honest automobile owners are seeking a way to stop the practice. Figures

show that in other states having gasoline tax laws similar to those of Arizona the exemptions run three per cent or less of the amount of gasoline taxes collected, whereas in Arizona the exemptions run 15 per cent, resulting in a loss of \$130,000 to the state last year.

"Excessive exemptions in Arizona are an unjust discrimination against the honest automobile owner who pays his three cents per gallon without com-

plaint. There is no reason why the owner of a small tractor should be given gasoline tax exemption on every gallon of gas he uses in operating various motor vehicles on the highways and roads of the state. But it is a lamentable fact that many farmers are so favored, whereas they should receive exemption only for the few gallons required to operate the tractor in their fields. They should pay tax on every gallon used



otherwise, as required by law, if the honest consumer of gasoline is to receive fair treatment.

"The farmer of course is not the only person receiving exemption. Operators of trucks and other heavy vehicles on the highways, in many reported cases, have received this gas tax exemption, for no particular reason whatever. They simply get exemption and that is all there is to it. Service station men should in all fairness to all customers guard against unfair exemptions. The law is inadequate and should be revised

but until that can be done everybody having to do with gasoline sales should do all possible to protect the large gas tax public and the state, which must maintain the roads over which the gas exempted vehicles are more destructive to the roads than the heaviest of tax paying vehicles. It is suggested that sworn proof be established that a certain vehicle should under the law be exempted from gas tax before such exemption is given, and that the owner of this vehicle not be given exemption on

all other gasoline bought for other vehicles he might possess.

"In revising the gasoline tax law it would be a good plan to write into that law the provision that every person wishing exemption from tax go to the Secretary of State and make affidavit as to the kind of vehicle for which he wishes exemption and the kind of service that vehicle is to perform. There also should be written into the law a heavy penalty for those found guilty of violating the law."

## QUESTIONS AND ANSWERS

### **Q. What property is exempt from taxation in our State?**

A. The following property is exempt from taxation under the laws of the State of Arizona:

Paragraph 4846, R. S. A.

"(1) All lands and lots of ground, with buildings, improvements, and structures thereon, belonging to the state or any municipal corporation, or to any county of the state, and all lands belonging to the United States, and all buildings and improvements belonging to the United States.

(2) Public debts as evidenced by the bonds of Arizona, its counties, municipalities, or other sub-divisions, court houses, jails, town halls, council chambers, houses occupied by fire companies and their apparatus, and other structures and edifices owned by the public, and all squares and lots kept open for health or public use, or for ornament, belonging to any county, city, or town in this state; and, public libraries, colleges, school houses, and other buildings for the purpose of education, with their furniture, libraries, and all other equipments, and the lots or land thereto appurtenant and used therewith, so long as the same shall be used for the purpose of education, and not used or held

for profit; provided, that when any of the property mentioned in this subdivision is private property, from which a rent or valuable consideration is received for its use, the same shall be taxed as other property.

(3) Hospitals, asylums, and poor houses, owned by the public, and other charitable institutions for the relief of the indigent or afflicted, schools for the education of Indians exclusively, and the lots or lands thereto appurtenant, with their fixtures and equipments, and grounds thereto appurtenant, with their fixtures and equipments, and grounds and buildings belonging to agricultural societies, so long as the same shall be used for those purposes only, and not used or held for profit.

(4) Churches, chapels, and other buildings for religious worship, with their furniture and equipments, and the lots of ground and improvements appurtenant thereto and used therewith; provided rent is not paid for such grounds, and so long as the said ground and improvements shall not be used or held for profit.

(5) Cemeteries and graveyards set apart and used for the purpose of interring the dead, except such portions of such cemeteries or graveyards as are used or held for profit.

(6) The property of widows, residents of this state, not to exceed the amount of one thousand dollars to any one family, where their total assessment does not exceed two thousand dollars.

(7) All observatories maintained for astronomical research, at private expense, for the public welfare and not for profit, together with all property, both real and personal, used for the purposes of or in connection with the work or maintenance of such observatories including all moneys, funds and property of any sort, held in trust by any corporation, trustee or trustees or others acting in a fiduciary capacity, for the maintenance of such observatories and carrying on of their work, so long as such observatories and other property shall be used for such purposes only and not used or held for profit.

(8) The property both real and personal of any corporation which may be formed for research investigation and experimentation in agriculture, horticulture, biology, botany, arboriculture, and other scientific subjects, which property shall include all money, funds, endowments, etc., held by or for such corporation for the carrying on of its purposes, provided that such property shall not be used or held for profit.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# TAXPAYER'S

## ARIZONA

## MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS.

VOLUME THIRTEEN

PHOENIX, ARIZONA, MAY, 1926

NUMBER FIVE

### LET THE TAX PAYERS BE ALERT

There is probably no time during the year when the taxpayer can afford to be asleep or indifferent to what is going on that will affect the cost of government, and the amount of the burden which he must bear. At the present time, there is just as much if not more necessity for alertness on the part of the taxpayer as at any other time.

In the first place, this is an election year, and candidates for public office are already grooming themselves and seeking for the support of the voters. Those who will be the members of the next legislature are already planning their campaigns, studying to see what issues will appeal most strongly to those whose votes they desire and whose representatives they will be, if elected. The taxpayer should therefore be most alert in determining whether those who are offering their services are truly qualified to represent them and to help to reduce and hold within proper limits the mounting costs of government.

Unless the taxpayers are on their guard, they are likely to find men in the next legislature who are not there for the purpose of representing them, but are men who have individual axes to grind at public expense. The man who has personal business connections which he seeks to advance through membership in the legislature, who desires to fatten his own purse through lavish appropriations from the public treasury for non-essential improvements on which there will be a large profit and in which profit he or those with whom he is associated expect to participate, is a good type of man to eliminate in the primary election. No matter how assiduously this type of man may promise economy and pledge his best efforts to reduce the burden of taxation, he will be found in that apparently unavoidable log-jam of legislation which invariably marks the conclusion of every session, to have the situation well in hand, not for the people who pay the taxes, but for his own personal benefit.

Certainly there have been enough object lessons in the past as a result of this sort of procedure, that the taxpayers should be able to distinguish between the man who is sincerely and earnestly striving to represent the welfare and protect the purses of the taxpayers and the man who is there through greed for gain. It is to be hoped that every taxpayer will this year carefully scrutinize the past record and connections of all who offer themselves as candidates for the legislature, and be governed accordingly.



## EDITORIAL COMMENT

# Another Reason Why the Taxpayer Should be Alert

Before the next issue of this Magazine is off the press the county boards of equalization will have met in session on the first of June. Inasmuch as many newcomers are added each year to the list of taxpayers, and inasmuch as even those with the best of memories sometimes overlook the dates fixed by statute for the hearing of taxpayers on questions of assessed valuation of their property, there is reprinted herewith information which has heretofore appeared in this Magazine as to the procedure to be followed.

As soon as the clerk receives the rolls it is his duty to give notice of the fact, specifying therein the time of the meeting of the County Board of Equalization by publication in some newspaper, if there be one published in the county, and if none, then in such manner as the board of supervisors shall direct, and the clerk shall keep the roll open in his office for public inspection. Two members, a majority of the board of supervisors, may act as a county board of equalization, and **that board is required to meet on the first day of June of each year**, and shall continue in session from time to time until the business of equalization is completed; the law provides that this June meeting shall not continue beyond June 10th, at which time the board shall adjourn to meet on the first Monday of July following. At this meeting the board determines whether or not the raises and increases in assessments proposed at the June meeting shall stand. **At the June meeting said board may change any valuation.** If an assessment is raised notice of the fact must be given to the person to whom the property affected is assessed upon the rolls, and published notice must also be given **setting the first Monday in July, at nine o'clock in the forenoon as the time the board of equalization meets to determine whether the assessments re-**

**ferred to shall be increased.** At this meeting, which may remain in session not longer than the Second Monday in July, the board finally decides upon whether it will increase any assessment, and at this meeting **the one owning property and all others interested therein are entitled to full opportunity to appear and resist such increase.** The law provides that **"the decision of the board as to whether the assessed value of any property shall be increased, and if so, to what amount shall be final . . . unless an appeal is taken as hereinafter provided."** The law also provides that: "any person, firm or corporation, dissatisfied with the amount of his, their or its assessment as fixed by the board of equalization, may appeal from the action of the board, to the superior court of the county in which the board holds its sessions, on or before the fifteenth day of September following the adjournment of said board. Appeal shall be taken by written notice to that effect to the chairman or presiding officer of the board of equalization and served upon the clerk of said board in the same manner as a summons in a civil action; provided that no appeal shall be taken unless the appellant shall, before taking the appeal, pay to the county treasurer of such county the full amount of taxes levied and assessed upon the property of the appellant by the board of supervisors, in accordance with the valuation of such property as fixed by the board of equalization, which payment shall be accompanied by a written protest, addressed to and filed with such county treasurer, setting forth the reasons why the firm, person or corporation making such payment deems the amount of such assessment erroneous or excessive." There is another line of action which is suggested by the revenue law of the state that is for a taxpayer, to apply to the State tax Commission for relief as to matters pertaining to the assessment of

property. That law provides that the Commission may "require any county board of equalization, at any time after its adjournment, to reconvene and make such orders as the state tax commission shall determine are just and necessary, and to direct and order such county board of equalization to raise or lower the valuation of any property, real or personal, of any person, firm, company or corporation." The State Tax Commission also performing functions as the State Board of Equalization, under the laws acts upon changed assessments under a provision, that:—

"On or before the second Monday in August in each year, the State Board of Equalization shall transmit to the Board of Supervisors of each county, a statement of the changes, if any, which have been made in the assessment by the state board of equalization." The mode of applying to the State Tax Commission is not fixed by the statutes, but in practice, the application for changing an assessment value should state the reason why the value as fixed by the county officers is excessive and not true cash value of the property in question. It is not the purpose of this magazine to give the details as to the course of action to be taken by a taxpayer who feels aggrieved at the valuation of property as fixed for purposes of taxation. It has given a general statement which covers the time to act, and also in general, the manner of acting. Unless action is so taken, and followed according to the particular details as prescribed in the revenue law of the state the question as to assessed valuation is, as stated in the law, final. And, thereafter, failing to take advantage of the modes of relief as in general pointed out, the courts will not go into the question of valuations in any suit involving taxes levied according to valuations which become final as above noted.

# WHO PAYS THE TAXES?

"Who pays the taxes, anyway?" is a question frequently asked but seldom accurately answered, and one concerning which there exists in the public mind much confusion and misunderstanding. "Certainly I am not paying any taxes," says the man who owns no real estate or property of any description, "so why should I worry about the cost of public improvements or the number of people who are on the public payroll. It's no concern of mine."

But whether he owns property or not, man must live somewhere, and he must pay rent in some form or other. Even while he is complacently dismissing from his mind all concern about public expenditures, his landlord is figuring up the cost of maintaining the property, whether it be a magnificent hotel or apartment house or an humble shack, and in that cost he invariably includes the item of taxes. Taxes are an inevitable part of his overhead cost of doing business, and he must collect them from his tenants. In this respect the landlord is merely a collection agency for the state, the county, the city and the school district, and the renter, whoever he may be, or however far he may think himself removed from paying for the cost of government, is actually paying taxes in every dollar he puts out for rent.

The renter also buys food and clothing, he attends the theater and other places of amusement. If he travels he either buys a railroad ticket or rides in an automobile. Every piece of meat he buys, every meal he eats at a restaurant, every suit of clothes, every railroad ticket, every gallon of gasoline, has included in its cost, infinitesimal as it may seem, an item which is actually and in reality a tax.

A few years ago a prominent merchant in this state who had called upon the governor of the state to protest concerning the valuation placed on his stock of merchandise, became very indignant when the governor asked him why he was complaining about taxes. "You don't pay any taxes," the governor said, "for you include your taxes in your cost of doing business and pass them on to your customers. It is only the ultimate consumer,"

the governor continued, "who pays taxes. You business men only collect the taxes for the state, the person who actually pays them is the man who buys what you have to sell."

In every industrial enterprise the item of taxes is included in the cost of doing business. One of the first things to be determined in the operation of any property, whether it be a farm, a mine, or a store, is the amount of taxes that will be assessed against the property.

In this state it has been the producing mines and the railroads that have borne the great bulk of the cost of government. In the case of the railroads, the tax burden is an important item in the cost of operation. Of course the higher their taxes are the less the railroads are enabled to earn, for their earnings are limited by law, and their rates are fixed by the Interstate Commerce Commission. The fact that the taxes of the railroads have increased enormously in this country during recent years is largely responsible for the fact that many lines were thrown into receivership and that the railroads of this country are only now emerging from a state of chaos and financial starvation which seriously impaired their efficiency and affected the industrial development of the nation to a great extent.

Insofar as the producing mines of Arizona are concerned, they are at a peculiar disadvantage in not being able to pass on their tax costs in selling their products. Arizona copper is sold in a world market, the level of which is fixed by domestic and foreign consumption and the cost of production in foreign countries where wages are low and taxes far below those which prevail in America. As a result the mines in this state find themselves compelled to absorb the tax burden which is placed upon them, and to the extent that it exceeds the tax burden borne by their foreign competitors, they are at a disadvantage.

The Arizona farmer, the cantaloupe and vegetable grower and the livestock raiser, whose products are sold in a national market, find themselves in the same situation with the mines. They are

unable to pass on to their customers the tax burdens which they are compelled to bear, because their products are sold in markets which they do not control and whose prices they are unable to dictate. Just as the mine operator does not fix the price of the copper he sells, so the cantaloupe grower or cattle raiser is compelled to dispose of his product at the prevailing market rate in New York, Chicago or Kansas City on the day that his product reaches that market, and he cannot include his taxes in the price he is to receive.

But with the merchant; the banker, the local business man and the landlord, as stated above, the amount of the tax burden is simply passed on to the ultimate consumer. In the case also of many of the large manufacturing corporations this is true, but in this state the industries upon which prosperity and industrial development is founded, namely, agriculture, stockraising and mining, find themselves by reason of the fact that they must sell their products in a market over which they have no control, compelled to accept and absorb the tax burden imposed upon them.

It rests, therefore, with every citizen in this state to take an active interest in seeing to it that not a dollar is spent for public use that is not needed—that does not represent an actual necessity, or that is beyond the ability of the taxpayers to meet.

It is in the interest of every taxpayer, whether or not he owns property, and no matter how far down the line he may be, to cooperate with his fellow taxpayers in reducing the number of employees in public service to an efficient and businesslike basis, to eliminate anything savoring of pork barrel expenditures, and to have everyone in public service giving one hundred cents in work for every dollar they receive.

In the final analysis it is the man down the line, who although he may rent the house in which he lives and may own no personal property listed on the tax rolls, who is called upon, together with the producer who must dispose of his product in a world market, to absorb the entire burden of taxation represented in everything he buys, uses, wears, or eats.



## Total Apportionment of State School Funds for the Fiscal Year Ending June 30, 1926

County	Average Daily Attendance	First Apportionment	Second Apportionment	Third Apportionment	Fourth Apportionment	Total
Apache .....	1,633	\$ 11,587.48	\$ 10,451.20	\$ 11,843.35	\$ 11,031.35	\$ 44,913.38
Cochise .....	8,470	60,101.63	54,207.97	61,428.79	57,217.15	232,955.54
Coconino .....	1,379	9,785.14	8,825.60	10,001.22	9,315.55	37,927.51
Gila .....	5,457	38,721.92	34,924.78	39,576.96	36,863.50	150,087.16
Graham .....	2,351	16,682.28	15,046.39	17,050.66	15,881.65	64,660.98
Greenlee .....	1,861	13,205.33	11,910.39	13,496.93	12,571.56	51,184.21
Maricopa .....	17,844	126,617.87	114,201.55	129,413.84	120,541.05	490,774.31
Mohave .....	697	4,945.79	4,460.81	5,055.02	4,708.45	19,170.07
Navajo .....	2,115	15,007.67	13,535.99	15,339.06	14,287.40	58,170.12
Pima .....	6,427	45,604.85	41,132.78	46,611.90	43,416.15	176,765.68
Pinal .....	2,436	17,285.43	15,590.39	17,667.12	16,455.85	66,998.79
Santa Cruz .....	1,503	10,665.03	9,619.20	10,900.53	10,153.17	41,337.93
Yavapai .....	3,792	26,907.36	24,268.79	27,501.53	25,616.00	104,293.68
Yuma .....	2,454	17,413.15	15,705.59	17,797.67	16,577.45	67,493.86
<b>Total .....</b>	<b>58,419</b>	<b>\$414,530.93</b>	<b>\$373,881.43</b>	<b>\$423,684.58</b>	<b>\$394,636.28</b>	<b>\$1,606,733.22</b>
Amount per pupil .....		<b>\$ 7.095823</b>	<b>\$ 6.399997</b>	<b>\$ 7.252513</b>	<b>\$ 6.755272</b>	<b>\$ 27.50</b>

An increase of nearly \$100,000.00 in the amount raised by direct taxation for the state school funds is shown in the above statement of the apportionment for the fiscal year ending June 30, 1926. The amount raised by direct taxation for the state school fund this year was \$1,460,475.00, being \$25.00 per capita based on an average daily attendance of 58,419 during the previous school year. This is \$94,450.00 more than was raised by direct taxation during the year ending June 30, 1925, the amount being automatically increased each year as the school attendance increases.

From the total raised this year by direct state tax, \$107,200.00 was deducted to cover the legislative appropriations for the State Superintendent's office and for free text books, this left a balance of \$1,353,275.00 to be apportioned to the counties, together with the other revenues to the state school funds.

The revenue received from other sources than direct taxation amounted to \$253,458.22, thus making the aggregate amount actually distributed to the counties \$1,606,733.22 or \$27.50 per capita—

\$2.50 per capita more than the total raised by direct taxation.

The revenue from sources other than direct taxation accruing to the state school funds are derived principally from interest on loans made from the permanent school fund; interest collected on deferred payments on the purchase of state lands; rentals collected from leases of school lands; and income from school sections in National Forests.

The state receives from school lands in the National Forests such portions of the gross proceeds of the forests as the state school land may bear to the total area of the forests. This income was somewhat less than in previous years on account of the Federal government cancelling, on account of the drought conditions prevailing throughout the state, certain grazing fees which are a part of the gross income to the forests.

The income from the leases of state school land was also affected by the unfavorable grazing conditions. With improvement on the ranges throughout the state brought about by the recent heavy

rains there should be a material increase in the grazing fees during the coming year.

The total state school apportionment for the past fiscal year, the year ended June 30, 1925 was \$1,599,204.29. The total state school tax was \$1,366,025.00, deducting the appropriation for the Superintendent's office and for the free text books, which was the same as the present year, \$107,200.00, left \$1,258,825.00 to be apportioned to the counties together with the other income to the state school funds which amounted to \$340,379.29.

This apportionment was based on an average daily attendance of 54,641, making the per capita rate \$29.26.

It must be remembered that the above amount does not represent the entire amount contributed by the taxpayers to the maintenance and operation of the public school system. Each county also levies a county school tax and in almost every school district there is a special school district tax. Probably there is no single item of expenditure as important as that of the cost of the public school,

yet there is no other item which is carried on with the absence of restriction or limitation as to what actually constitutes its real purposes as the item of school expenditures. With proper safeguards against abuse it appears reasonable to believe that substantial economies could be effected and the same or better educational results obtained.

• . . Questions and Answers . . .

**Q. Assuming that a taxpayer is dissatisfied with his assessment, what is his remedy?**

A. He should first appear before the County Board of Equalization which meets on the 1st day of June of each year, and if he has not been satisfied by the action of that Board, he must appeal to the Superior Court of the County in which the Board holds its sessions on or before the 15th day of September following the adjournment of the Board. This appeal is taken by filing written notice to that effect addressed to the Chairman of the County Board of Equalization and also served upon the Clerk in the same manner as a summons is served in a civil action, but before taking his appeal the taxpayer must pay to the County Treasurer of the County the full amount of taxes levied and assessed upon the property of the taxpayer by the board and accompany this payment with a written protest addressed to and

filed with the County Treasurer setting forth the reasons why the amount of such assessment is erroneous or excessive. The taxpayer will receive a receipt from the Treasurer which he should serve upon the Clerk of the Board of Equalization and notify the Board in writing that he serves and files with the Clerk a copy of his protest to the Treasurer. Thereupon the Clerk of the Board of Supervisors transmits such notice and receipt and copy of protest, together with a certified copy of the record of the proceedings of the Board of Equalization relating to the assessment in question, to the Clerk of the Superior Court of the County. The party appealing shall pay a fee of \$5.00 to the Clerk of the Board for his services, which amount shall be paid into the County Fund. After the appeal is filed it shall be heard by the Superior Court within ten days thereafter and as such hearing all evidence relating to the full cash value of the property assessed shall

be produced. After the matter is submitted to the Court, or to a Jury, a finding shall be made as to the proper valuation. If the valuation is found to be excessive then the Court renders judgment against the County for the amount of taxes illegally collected.

**Q. After the Assessor makes his assessment of property does he send any notice of the assessment to the property taxpayer? Does the property taxpayer ever receive any notice from the taxing authorities of his assessed valuation?**

A. The Assessor does not notify taxpayers of the valuation placed upon property for taxation purposes. No notice is ever given by the taxing authorities of assessed valuation unless the assessment of the Assessor should be raised by the County Board of Equalization in which case the County Board of Equalization notifies the taxpayer by publication of increased assessment and in such publication sets a day when protests may be heard.

The "Shifting" of the Tax Burden

An interesting analysis of the amounts contributed in taxes by the various counties of Arizona to the support of the state government, and the amounts returned to the counties and expended within their borders for the benefit of their schools and roads has been prepared by the state tax commission and is published herewith. The table purports to show that in most of the counties of the state less than 29 cents in each dollar collected in taxes leaves the county permanently and that 70 cents or more comes back to the

county in the form of school moneys or expenditures for highways within that county. That in no instance does any county actually contribute to the state more than 29% of the money raised by it without being reimbursed therefor. According to this compilation, Navajo county actually contributes to the state government only four cents out of each dollar collected in that county, the other 96 cents being expended for local purposes, either by the County or the State. Graham is second in the list of those most benefited, with 95% of her

tax money expended within her borders. Maricopa county, whose residents are quite generally under the impression that they are bearing the great burden of state taxation, actually contributes for state purposes only seven and one-half cents out of each dollar that is raised by tax levy within her borders. The other 92½ cents are required for local purposes. When it is borne in mind that the state capitol, state hospital for the insane, Tempe State Teachers' College and experiment farm of the University of Arizona are all located in



# ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription MAY, 1926 50 cents

OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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Maricopa county, and that the annual expenditures of these institutions with their large payrolls, add hundreds of thousands of dollars annually to the business wealth of the county, it would appear that Maricopa's contribution toward the expense of state government is a profitable investment.

It takes only a casual glance at the appended table to show that it is the counties in which the large producing mines are located that are called upon to shoulder the largest share of the burden of state government for they receive much less for roads and schools in proportion to the amount they pay in. Yavapai County, whose main source of wealth is mining, is called upon to contribute the lion's share of the unreturned portion of state taxes, for according to this computation 29 cents out of every dollar that the taxpayers of Yavapai pay is expended in some other county. Of course this is not strictly true, for Yavapai county has the Pioneers' home an institution supported by the state, for the maintenance of which there is annually expended a considerable sum of money, most of which is spent in Yavapai county. But that is not a benefit equally distributed to the taxpayers of the county,

as is the use of the roads and the schools.

Cochise and Pinal county each contribute 25½ cents of every dollar they raise for taxation to a fund from which they receive, according to this computation, no direct benefit, in the form of funds returned to them.

Gila, one of the principal mining counties, makes a net contribution of 23 cents of every dollar collected to maintain the state government, and the state's share of Mohave's dollar is 19 cents. In Greenlee and Coconino counties 17½ cents out of each dollar collected is not returned in funds for school or roads. Coconino it is true, is not a mining county, the principal taxpayer being one of the large railroad companies, but it ranks with the large mining counties in its contribution to the cost of state government.

It will also be noted by reference to the table that the counties which contribute the most to the cost of state government are Yavapai, Cochise, Gila, Maricopa, Pima and Pinal, five out of the six being counties in which the principal taxpayers are large producing mines.

As for Maricopa, which raises the largest amount of taxes that is levied in any county, it has recently been computed, by deducting the amounts turned back to Maricopa county for the schools and roads, as has been done in the appended table, and by further subtracting from Maricopa county's contribution to the cost of the state government the cost of maintaining inmates from Maricopa county at the state prison, state hospital for the insane and industrial school, the guests from Maricopa County at the Pioneers' home and the cost of educating students from Maricopa County at the University of Arizona and the two teachers' colleges, that the total direct return in benefit to Maricopa county is only \$1,540.00 less than the entire amount contributed by Maricopa county to the state government. In other words, that Maricopa county actually pays into the state treasury the equivalent of the salary of one stenographer, in return for which all the faculties and advantages enumerated are provided by a beneficial commonwealth.

It is not and never has been the policy of this Magazine to indulge in splitting hairs, and there is nothing to be gained by figuring out to the last decimal just exactly how much the people of any one county are paying into the state treasury and how much they are receiving back in the way of benefits. Arizona is a sovereign state, each county is an integral part of the state, each citizen a citizen of the state, and entitled to the privileges and rights of citizens. Certainly nobody would advocate the division of the state into smaller units, or adoption of a pol-

icy of weighing and measuring grain by grain the amounts severally contributed or received by the people of the various counties to the maintenance of the state government.

It is unfortunate that in certain sections of the state there has been some loose talk about the "shifting of the tax burden" from the railroads and the mines to the agricultural interests, with the result that an attempt has been made to engender in the mind of the public the suspicion that the officials charged with administration of the tax laws of the state have permitted such a readjustment of valuations as to place the heavy end of the load on the backs of the farmers and thereby relieved the mining industry and the railroads of their just share of the cost of government.

The fact of the matter, as demonstrated by the appended table, is that the agricultural counties do not contribute and never have contributed to the cost of the state government anything approaching their proportionate share of the burden. In fact nobody expects them to do so. The fact that the great sources of taxation, our mineral resources, are for the most part to be found at some distance from the areas of tillable land is a circumstance which has resulted in the division of the local governing units of the state into what might be classified, roughly speaking, as mining counties and farming counties. This does not alter the fact that the citizens of each county are entitled to and do enjoy the same privileges and advantages as those of any other county, and their children are entitled to receive and do receive from the state the same help in the way of educational advantages.

Because taxes have increased enormously in some of the agricultural counties, some residents of those counties have been led to accept without analysis or question the assertion that there is taking place a shifting of the burden from the backs of the mines and the railroads to the backs of the farmers and small taxpayers, and that the large taxpayers are attempting to evade their share of the cost of government. The truth is that the increase in taxes, for the most part, will be found to have been caused by local improvements, by bond issues for expensive highways voted by the farmers and small taxpayers, and of which they receive the entire benefit. Few if any of them are dissatisfied with such improvements as they are enjoying, or would advocate a return to former conditions. As is usually the case, property values have increased correspondingly with improved highways and better school facilities, and of this increase

each property owner of the county affected has his share.

In a discussion of the distribution of the tax burden, as in the discussion of any other subject, it is well to face the facts squarely, and not to accept as final what may prove to be an entirely unfounded assertion. As indicated by the following statement, the various counties of the state contribute unequally to the cost of the state government, the agricultural counties paying in much less than would be their share, and the so-

called mining counties contributing much more than would be their share if the cost were apportioned on the basis of benefits respectively derived by their citizens. In view of that fact, it would appear that it ill behooves those counties which are receiving at the hands of the state, through the opulence of their sister counties, benefits far out of proportion to what they could provide for themselves, were the financing of their schools and roads left to each county

separately, to complain that they are overtaxed.

The real reason for their increasing cost of government will be found upon investigation to lie in local improvements, usually financed by bond issues which are voted with cheerful alacrity under the stimulus of some who make a business of fostering such expenditures, and who frequently pass on to other pastures leaving the property owner to find the money for interest and sinking fund over a long term of years.

1925 TAXES

County	Total Amount of Taxes Levied in Each County	Amount of Taxes Raised in Each County by the State Levy	Amounts Returned to the Counties out of the State Levy to be Expended by the Counties for the Benefit of their Schools and Roads.	Actual Tax Contribution of each County to the Cost of State Government	Percentage of each County's Total Taxes that is actually Expended for State Purposes
NAVAJO .....	\$ 424,629.00	\$ 87,269.00	\$ 69,970.00	\$ 17,299.00	4. %
GRAHAM .....	404,451.00	94,315.00	74,540.00	19,775.00	5. %
MARICOPA .....	4,750,352.00	916,677.00	565,143.00	351,534.00	7.5%
APACHE .....	255,491.00	69,452.00	48,618.00	20,834.00	8. %
SANTA CRUZ .....	409,577.00	93,699.00	54,520.00	39,179.00	9.5%
YUMA .....	890,138.00	177,113.00	78,112.00	99,001.00	11. %
PIMA .....	2,003,064.00	521,070.00	228,488.00	292,582.00	14.5%
COCONINO .....	582,898.00	158,049.00	55,147.00	102,902.00	17.5%
GREENLEE .....	583,022.00	169,122.00	67,139.00	101,983.00	17.5%
MOHAVE .....	420,169.00	113,244.00	34,357.00	78,887.00	19. %
GILA .....	1,910,467.00	652,508.00	211,742.00	440,766.00	23. %
COCHISE .....	2,076,398.00	843,544.00	312,352.00	531,192.00	25.5%
PINAL .....	1,076,178.00	372,066.00	98,761.00	273,305.00	25.5%
YAVAPAI .....	1,898,535.00	730,859.00	180,818.00	550,041.00	29. %

THE INDIANA TAX PLAN

Students of the problems of taxation—and they are many—are devoting considerable thought and attention to what is known as the Indiana Tax Plan. It was one of the principal subjects of discussion at the National Tax Conference in 1925, and was given much consideration at the last meeting of the Western States Taxpayers' Conference held at Portland, Oregon last summer.

The Indiana plan appears to be gaining rapidly in favor in many sections of the United States, its essential elements have been adopted in several states, and are being seriously considered in many others. In view of numerous requests for information concerning this plan, this magazine takes the opportunity to answer these inquiries by publishing the following information, which has been

obtained from sources known to be reliable:

Briefly, there has been created in Indiana, a central reviewing authority over local tax levies, budgets and bond issues, which authority is the Indiana State Board of Tax Commissioners. Upon the publication of notice of the annual budget, or of any proposal on the part of any municipality to issue bonds, ten



property taxpayers, who consider the budget to be excessive or that the proposed bonds should not be issued or that the amount of the issue proposed is excessive, may file a petition with the county auditor, who must thereupon certify all the facts in the case to the state board of tax commissioners. This body, which acts as a central reviewing body, must set a hearing of the matter to be held in the county or taxing unit affected, and its decision, after hearing the matter, shall be final.

The following summary of the Indiana Tax Plan is presented by the Indiana Taxpayers' Handbook, published by the Taxpayers' Association of that State:

"(1) The outstanding idea in the Indiana Plan is the establishment of an effective central reviewing authority on local tax levies and bond issues.

"(2) This central reviewing authority—the State Board of Tax Commissioners—acquires jurisdiction only upon appeal of ten or more affected taxpayers in any local taxing unit.

"(3) Public hearing by the state board in the county in which the appeal originated is required by the law.

"(4) In operation the plan has had the effect of requiring both the taxing officials of the local unit and the remonstrating taxpayers to make complete proof of the merit or unwisdom of the proposed levy.

"(5) Six years of operation have demonstrated that the Indiana Plan is one of the most effective instruments of applied democracy provided by any taxation law in the United States, because taxpayers of any unit, if overruled by local taxing officials, may appeal to the state board. The duty is then incumbent upon local officials to justify the increase and if they can not do so the state board makes a reduction.

"(6) In hundreds of appeals the decisions of the state board either affirming local tax levies, or in most cases ordering reductions, have met generally with complete approval.

"(7) The probability of an appeal to the State Board of Tax Commissioners operates automatically as a restraint on most local taxing officials. The law, therefore, has a corrective influence far beyond the specific cases in which reductions are ordered upon appeal and review by the state board.

"(8) The same rule of appeal and review by the state board applies in cases of bond issues and the procedure is identical.

"(9) The Indiana Plan is based upon the fundamental fact that if taxes are to be controlled, and reduced wherever possible, public expenditures must be restricted. The appellate jurisdiction of the state board has been a powerful weapon in blocking questionable or unnecessary outlay.

"(10) One far-reaching effect of the Indiana Plan is to give all taxpayers a more intimate contact with the machinery of levy making, and enable them to exert a positive influence on tax rates and public expenditures."

While many devices and plans have been proposed for lightening the tax burden, it has been demonstrated in many states that new forms of tax only add to the total of public revenue, and, instead of reducing tax bills, tend constantly to increase them. Whenever new sources of revenue are found, new ways of spending money are incorporated into the public administrative plan, and taxes go up instead of down.

#### No Unnecessary Outlays

"It has been proved sufficiently, in the view of many recognized students of the tax problem, that the way to control taxes is to stop spending money unnecessarily. The same rule that governs private business should prevail in public affairs. No sensible business man or farmer who wants to keep out of bankruptcy spends more money than he makes. While it is entirely possible for governmental units to get more revenue by adding to the levies, there is a limit to the public's patience and the public's ability to pay. Excessively high taxes amount to confiscation because they take so much of the profits from land and property that they drive values downward, and because of that very fact tend to make taxes still higher.

"The review power of the Indiana State Tax Board has been shown in six years of practice to be an admirable check upon excessive, unwarranted and imprudent local expenditures. **No really important or indispensable public improvement ever has been denied in the cases that have come under the state**

**board's jurisdiction.** In cases where reductions of levy or bonded indebtedness have been ordered, the local administrative officials have learned that they can go along on the board's rate or bond total as well as on the one they established themselves. In such cases a little more businesslike administration and a few economies have given the people the same governmental service at lower cost."

By providing for local hearings, the Indiana law enables taxpayers to make adequate presentation of their opposition without going to an outside point or to the state capitol, while the requirement that at least five days shall intervene between the receipt of the petition and time of the public hearing gives ample time for notification of all interested taxpayers and for adequate preparation of the opposition to the protested levy.

"Ten or more taxpayers of any local unit, by filing a petition with the county auditor, may appeal on any proposed bond issue to the state board and if that body in reviewing the facts finds the bond issue excessive or unwarranted it can reduce the amount of the issue or deny it altogether."

The fact that the appeal provision of the Indiana Law gives power to the state board to intervene in local levy or bond cases only when the people who have to pay the bills appeal to the board, is really an application of the principle of home rule, because the law gives the home people an opportunity to be heard when minority influences are urging unrestrained expenditures largely for self-profit. In such instances the Indiana tax plan permits citizens whose protests against levies or bond issues are ignored by the local authorities, to carry their case to the state board.

The first test to be applied to any new plan is "how does it work out in actual practice?" In answering this question, proponents of the Indiana tax plan have a weighty argument in the fact that in five and a half years operation the taxpayers of Indiana have been saved twenty-five and a half million dollars thru bond issues and tax levies disapproved on appeal to the state board of tax commissioners. The reductions affected all the taxing units in the state, yet no essential item of improvement was denied.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME THIRTEEN

PHOENIX, ARIZONA, JUNE, 1926.

NUMBER SIX

## ECONOMY---A POLITICAL ASSET

There has scarcely been a time during the past twenty years when each political party, and aspirant for office, whether federal, state, county or other political subdivision have not been advocating economy, and making emphatic promises to reduce taxes on their constituents. The paying of taxes at any time and for any purpose at all has never been considered a pleasurable duty, and consequently the vote catching bait of "tax-reduction" has been offered the voting public year after year. Those who have put forth the most plausible proposals as to tax-reduction may have caught the most votes in cases where the voters were not carried away with apparently more pressing public problems, and consequently were more or less indifferent to taxes, and the necessity for tax-reduction about election time.

This Magazine has no concern with the ultimate success or ultimate defeat of any political party, or of any particular candidate for office. But the Magazine is, and always has been for economy consistent with efficiency in the use of public money, believing that through economy taxes would automatically be reduced in amount.

This Magazine and its readers are fully cognizant of the result which shows itself in the aggregates of public expenditures of today as compared with ten years ago. For it is generally appreciated that regardless of promises for economy in the matter of appropriations, regardless of promises as to economy in actual expenditures of public money after the appropriations are made, and no matter how strong the "budget laws" may be framed, over-expenditures are still made and taxpayers are called upon to make up deficits. That legislators often STRAIN AT A GNAT AND SWALLOW A CAMEL, is the conclusion likely to be reached following a full survey of appropriation legislation. In short, there appears ample room for the general belief that legislators and executive officers of the state, its counties, cities and towns, frequently do not perform after election as they promised before election, when the question of public finances, taxes, and resulting economy is before them.

The hats of aspirants for political favors to be conferred by the voters in 1926 are already being "thrown into the ring". The taxpaying public will do well to look into those hats, and to the genuine and sincere intent of those who wear them, and decide whether promises of economy will become more than campaign talk after the wearers are finally selected for some coveted office.

The will of the people can only and finally be manifested by the acts of the officers selected by the people. No great public reform has come about except through such an overwhelming public demand, that elected officers fell into line to save their political prestige. It is well to remember that tax reforms are not different from any other reform measure. If taxpayers carefully select their choices for offices, and exert a united front, regardless of party or other political questions, demand economy before, and see that they get economy after election, the question of tax reduction will answer itself actively and affirmatively.



## EDITORIAL COMMENT

# High Taxes and the Cost of Living

A subject which is now engrossing the attention of the business men of America as well as that of the college professors and economists, and one which is becoming more and more acute every day, is what high taxes are doing to the people of the United States, their business and their living costs. Not all of these taxes are those which the citizen pays to the tax collector. Many of them are indirect unseen taxes, taxes you pay without knowing it, but real taxes just the same.

It is doubtful whether one per cent or a fraction of one per cent of the people of the United States understand what high taxes, including unseen taxes, are doing to them, nor does it appear that the individual can easily be made to realize how the cost of living is being increased to an unmeasured degree by high taxes.

Apparently the public does not grasp the fact that ten billions of taxpayers' money, collected every year, adds exactly ten billions to the cost of living in the United States. It has been well said that this story is so familiar that nobody pays much attention to it.

According to a statement issued recently by the eastern railroads, the railroads of this country last year paid \$363,000,000.00 in taxes and only \$330,000,000.00 in dividends. It is doubtful whether the holders of railroad stocks in this country, numbering almost a million persons, realize that their dividend checks would be a third or a half larger if railroad taxes had not been pushed to the limit in recent years. If they appreciated this fact, would they not be moved to cast their votes against the numerous new bond proposals, which as one writer puts it, "now-a-days appear on the little ballots at the polls with appalling regularity."

In this connection it is of interest to note from the report of one of the largest railway systems in the country that

while the cost of living in December, 1925, showed an increase of 69.3 per cent over December 1915, that the company's taxes for 1925 showed an increase of 219 per cent in 1925 over what they were in 1915. The revenue received for freight and passengers combined in 1925 was only 35 per cent more than was received for the same service in 1915.

Report covering operations of the steel industry indicate that during the last ten years about \$1,000,000,000.00 of the profits of the steel corporation have been absorbed by all sorts of taxes. Yet it is doubtful if the stockholders realize that they are getting less out of their enterprise than Federal, state and local tax-gatherers are getting.

According to recent estimates there are between twelve and fourteen million stockholders in the United States. If any considerable proportion of this number of people actually realized the extent to which they are suffering from high government costs, even as the railroad and steel corporation stockholders are suffering they would form an important and powerful check on the reckless spending of their money through the voting of bond issues for every new proposal that may be submitted to them.

If the citizens of this country, whether stockholders or not, realized that as consumers they are the ones who pay the taxes, either seen or unseen, if they realized that out of every dollar they pay to the gas company, the light company, for street car fare, or to the telephone company, they are paying two or three times as much to the government as they were ten years ago, there would be less thoughtless legislation imposing taxes of a special nature on insurance companies, utilities, transportation, oil and like services or commodities, for in the final analysis these tax bills are not

imposed on the large corporations but are passed on to the people themselves to a very great extent.

It has well been said by one writer on the subject of taxation that 'as far as the general run of taxpayers is concerned, the whole question of taxes in the United States is left in a fog; not one taxpayer in ten sees clearly what ten billions of yearly taxes mean to the raising of living costs, in the reduction of personal income, in the everlasting effort to make family receipts cover family bills. The reason is that only in the last ten or twelve years have the official extravagances and government taxes been piled up in the billions. The proposition is so new that most taxpayers who go on voting new extravagances and taxes do not seem to know what they are doing.'

Here in Arizona bond issues for various purposes ranging in amount from a few thousand dollars to several millions are continually being brought up for the approval of the voters of the state and its various political sub-divisions. New offices and departments are constantly being proposed as necessary additions to the state and local governments.

The people should carefully consider every bond proposal, whether large or small in amount, and also carefully consider every proposition for additional offices and departments with the thought in mind that every bond issue approved and every new office created will add to their total taxes for years to come.

The tax burden has already increased to such an extent that at the present time many property owners find themselves unable to pay their taxes as is evidenced by the large amount of delinquent taxes still outstanding.

The voters of the state should not authorize additional taxes for any purpose whatever that is not absolutely necessary.

## A TIME FOR CAUTION

This magazine has consistently advocated and supported any intelligent movement or plan which will result in lowering taxes, and is heartily in sympathy with any changes that may be proposed which will result in reducing the amount of governmental machinery without the impairment of efficiency. However, it has always recommended that any and all new proposals be carefully studied by the taxpayer to the end that it may be determined, if possible, in advance just what results may follow, and whether the ends which it is represented will be attained, will actually be reached.

At the present time petitions are being circulated for the initiation of a measure amending the motor vehicle license law in this state.

Under the existing law, owners of motor vehicles in addition to the personal property tax on their cars, pay an annual registration fee varying from \$5.00 to \$25.00, according to the horsepower of the machine. Collection of the personal property taxes and issuance of the license plates are in the hands of the county assessors. Compilation of the registration lists and the issuance of certificates of title or ownership of motor vehicles is carried on by the office of the Secretary of State, whose salary was increased \$2,000.00 per year by the last legislature, to compensate him for the additional burden placed upon his office.

Under the new proposal a new department known as the state motor vehicle department will be created, with a state motor vehicle commissioner, whose salary is fixed at \$4,800.00 per year. A special tax would be levied on all motor vehicles based upon the weights of the cars, and the personal property tax, the license or registration fees, and the mill tax which at the present time is collected from commercial vehicles by the State Corporation Commission, would all be repealed.

A blanket appropriation of an indefinite amount, or so much as may be necessary to carry out the provisions of the proposed act, is provided therein, and the new commissioner in charge of the state motor vehicle department is empowered to employ as much help as

he desires or may need to carry out the provisions of the act.

This magazine is neither supporting nor opposing any public official, and the proposal which is now put forward by the present Secretary of State is not without its good points. But the fact that the new law specifically provides that **the salary of the secretary of state, who would be relieved of all responsibility relating to the handling of motor vehicle registrations and licenses and the collection of motor vehicle taxes, is not to be decreased**, and that it proposes to create another state department to do what is already being done by existing departments and offices, would indicate that the taxpayers should exercise caution and study the measure fully before signing any petition to place it on the ballot.

Although the proposed law would repeal the personal property tax on automobiles, it is extremely doubtful whether this end could be accomplished by the simple expedient of adopting an initiated measure. The constitution of this state (Article 9, Section 2) provides **"all property in the state not exempt under the laws of the United States or under this constitution, or exempted by law under the provision of this section, shall be subject to taxation to be ascertained as provided by law."** In view of this provision, it is difficult to see how it is possible by means of a purely legislative enactment to exempt from property taxation any certain class of property, in this instance motor vehicles. The question therefore arises whether those who are enthusiastically circulating initiative petitions in favor of this proposal, would not find, in the event of its adoption, that they were paying both a property tax and a tax based upon the weight of the motor vehicle, instead of effecting a material reduction in the present motor vehicle tax.

It is estimated that should the proposal be placed on the ballot at the next election and be adopted and sustained by the courts, the state would face an annual loss of approximately \$125,000.00 in revenue from personal property taxes on automobiles, and that the various counties of the state would find themselves compelled to raise \$500,000.00 from other sources which they now receive from personal property tax

on motor vehicles.

The fact that under the proposed law, the Secretary of state or his assistant, (in the event the Secretary were absent from the state,) would appoint the Commissioner of Motor Vehicles, who is to hold office for a term of six years, has aroused considerable comment. Under this provision opponents of the measure point out that it would be entirely possible for the occupant of the office of Secretary of State, in the event he should be reelected for a term of two years and appoint the Motor Vehicle Commissioner, to arrange prior to the expiration of his two-year term for the Commissioner to conveniently resign, and by the simple expedient of absenting himself from the state prior to the tendering of such resignation, to be named the Commissioner by his assistant. In the event that the occupant of the office of Secretary of State should fail of reelection, and the proposed measure should be adopted at the polls, it would be possible for the Secretary of State by absenting himself from Arizona at the time the law became effective to be appointed for the six-year term at a salary of \$4,800.00 per year. This, it is declared, might come about through the fact that the term of office of state officials does not expire until after the calendar year or the first Monday in January, whereas the initiated measure as proposed would become effective in December, upon proclamation of the governor.

In what has been said above, there is not the slightest desire or inclination on the part of this magazine to impute anyone's motives, or to suggest that any such course of action as has been outlined was in the mind of the author of the measure. But in view of the fact that this magazine has consistently opposed the creation of additional commissions, departments, offices, positions, bureaus, and other machinery tending to duplicate the efforts of offices already supported from the public treasury, it would appear that the taxpayer should be alert and should not give his approval to this or any other proposal which appears to increase the cost of government without serious and careful consideration.



## Comparative Statement of State and County Tax Rates Per \$ Special Dist

County	1913	1914	1915	1916	1917
APACHE .....	\$ 1.405	\$1.355	\$1.26	\$1.20	\$1.165
COCHISE .....	.555	.495	.53	.46	.355
COCONINO .....	1.077	.835	1.03	1.08	.950
GILA .....	.565	.505	.603	.47	.3332
GRAHAM .....	1.445	.888	1.16	1.10	.965
GREENLEE .....	.755	.705	.63	.60	.545
MARICOPA .....	.565	.515	.58	.57	.545
MOHAVE .....	.875	.905	.96	.95	.9526
NAVAJO .....	1.405	1.455	1.23	1.05	1.0954
PIMA .....	.855	.805	.86	.84	.815
PINAL .....	.665	.615	.695	.655	.465
SANTA CRUZ .....	1.365	1.15	1.375	1.25	1.200
YAVAPAI .....	.505	.555	.61	.55	.352
YUMA .....	.985	.890	1.307	1.372	1.209
STATE RATE .....	.495	.445	.54	.40	.535

There is presented herewith a statement showing the tax rate of the various counties of Arizona for each of the thirteen years beginning with 1913 and ending with 1925. It will be noted that in most instances the tax rates of the various counties have increased very materially over 1913, and that in only two counties, Cochise and Coconino, does comparison between the 1913 and 1925 tax rates show any decrease, and these decreases amount to only small fractions of a cent.

It will also be noted that all of the county tax rates have during the 13-year period risen above the 1913 level, although in most instances the 1925 tax rates are slightly less than they were a year or two ago.

An alarming and deplorable fact which is disclosed by the subjoined table is that the 1925 tax rates in seven counties are the peak rates for the 13-year period. The counties in which this situation is found to exist are Apache, Gila, Maricopa, Mohave, Navajo, Pima, and Pinal. The facts that the county tax rates, alone, not including special district taxes, have been increasing, in the main, during the past 13 years, until the rate in half the counties of the state

reached its highest point in 1925, is convincing evidence that the time has come for county officials to take a firm stand in the interests of economy and see to it that every possible item of unnecessary expenditure is lopped from the budget.

Of course it will be understood that the tax rates given above are not an accurate index of the burden of taxation which the taxpayers of the several counties of the state are called upon to bear. In some instances in which the tax rate shows a decrease, increased valuations have made possible the raising of a larger amount of money for county purposes than was obtained during the previous year on a lower valuation multiplied by a higher rate. However, the taxpayer who has during a period of several years owned property, the valuation of which has not fluctuated to any great extent, can tell at a glance from the above table just how he is faring at the hands of those who fix the county tax rate.

If the members of the boards of supervisors of the various counties, in whose hands rests the responsibility for the authorization of county expenditures, and thus for fixing the county tax rates, would see to it that the tax rate is not in-

creased over the previous year, and that no additional funds are authorized to be raised except such funds as will be produced by applying the old rates to the natural increase in valuation, then the taxes of the individual taxpayer and home owner will not be increased, as has too often been the case in the past, while increased funds will be forthcoming to take care of any increased expenditures in the county made necessary by its growth in proportion to the increased valuation of the county.

There is no question but what the foregoing plan is founded upon good business procedure, and is consistent with the rules by which any well regulated and intelligently conducted business is carried on. The conservative business man does not make a practice of increasing the overhead expense of his business unless such an increase is warranted by its growth. Instead of authorizing new expenditures, he is at all times seeking to effect economies consistent with sound business principles, and he authorizes increased outlays only when the growth of his business justifies the adoption of such a program.

Unfortunately in many instances, such a practice has not prevailed with

# 100 Valuation in the Several Counties, 1913 to 1925, Inclusive Not Included

1919	1920	1921	1922	1923	1924	1925
\$1.36	\$1.455	\$1.87	\$1.49	\$1.675	\$1.77	2.075
.44	.4975	.55	.53	.665	.68	.55
1.182	1.1054	1.5423	1.4039	1.2845	.5208	1.0605
.4154	.6217	.489	.5309	.7005	.6236	.7942
1.28	1.525	1.10	1.39	1.425	1.84	1.74
.80	.965	1.03	.99	1.135	1.40	1.18
.73	.555	1.0125	1.37	1.405	1.21	1.44
1.03	1.20	1.34	1.57	1.625	1.74	2.015
1.63	1.155	1.79	1.54	1.597	1.54	1.793
.74	1.005	1.12	1.13	1.185	1.22	1.22
.365843	.6198	.73013	.7401	.7583	1.00	1.035
1.1728	1.2593	1.638	1.586	1.785	1.595	1.652
.34	.455	.606	.49	.825	.733	.756
1.225	1.1278	1.60	2.1009	1.775	1.723	1.74
.60	.475	.73	.51	.575	.56	.78

reference to the administration of the routine business of our counties. There have been years in which the assessed valuation has shown a decline, yet the supervisors have remained oblivious to such, and have continued to authorize expenditures just as if the total assessed valuation of the county had remained unchanged or had increased. While it is true that in some instances the counties were faced with the necessity of continuing certain activities including expenses for charitable and penal purposes, yet there is much room for improvement through the adoption of the old maxim of "cutting the coat to fit the cloth".

Examination of the comparative tax rates published herewith should be sufficient to bring home to anyone the fact that there has been an actual increase of from two to four hundred per cent in the amount of taxes levied to meet the expenditures of the counties of this state during the past 13 years. It is true that the cost of everything has advanced, but the increase in taxes is out of proportion in many instances to the advance in the cost of living.

It requires no lengthy demonstration to convince the average reader that if

any business man in looking over the reports of his business discovered that the expenses of conducting that business had doubled, tripled and possibly quadrupled during a period of years, without proportionately increasing the volume of service or of productivity, then that business man would unquestionably institute a most thorough and painstaking investigation into every part of his business. Every expenditure, every single item of outlay would be required to pass the acid test of actual necessity, and if it could be dispensed with without decreasing the efficiency or impairing the results attained, it would be lopped off.

For some unexplained reason, everybody appears to expect somebody else to do something about the high cost of government, but few do anything about it. In the past taxpayers have not been alert to the business aspects of actual governmental costs and have remained indifferent in the face of increased taxes. They may grumble and kick some when the time comes to pay their taxes, but they fail to take any effective action toward reducing the aggregate of expenditures.

As a matter of fact, the increased tax rates in the various counties of this state

have been brought about very largely through the demands of various elements of the public. There are always some citizens who are advocating new features, the creation of new governmental machinery for this, that and the other purpose, and without much regard, if any, as to what the ultimate cost will be or who will foot the bill. Nor is it always the property taxpayers who are advocating and demanding these increased expenditures. Frequently those who are in the forefront of the promotion of new schemes are not directly affected or do not consider themselves affected, by any increase in the tax rate. In the end, most of them pay, indirectly if not directly. But they seldom realize it at the time or they would not be so enthusiastic over each new proposal that comes along.

There can be no substantial reduction in the public burdens incident to paying what it costs to run our counties, our cities, our state, or the United States, governments, until the pruning knife of economy so far as consistent with efficiency, is used in every branch, with the useless and unnecessary systematically pruned out, leaving only the real essentials to be paid for by taxpayers.



## ILLINOIS CONGRESSMAN ON COST OF GOVERNMENT

Much food for thought is provided the man who is "too busy" to take an interest in the costs of government in the address of Hon. Martin B. Madden, member of Congress from Illinois, Chairman of the Appropriations Committee in the House of Representatives, who, appearing before the Economy Club of New York recently, spoke in part as follows:

"Mr. Chairman, and Gentlemen of the Economic Club: I come from the imperial city of the Central West, where the people have no grudge against men who are successful in business, even if they make money by their success. We have no criticism of New York's wealth or its influence. We are happy to join hands with you or with anybody else within the confines of America to create a more stable condition in our affairs than we have had before. I come to you tonight to plead for co-operation on the part of those who are busy with their business, and who, in most cases, do not consider politics a part of their business, much to my regret, and I want to say to you before I begin on the topic assigned to me, that if you would take a little less time for your business and a little more time for politics, you would have a better government, because I apprehend that men of the type I see before me in America could shape the sentiment that rules the Nation, if they would, and if you do not have, blame yourselves for your indifference to it. . . . .

"The object of the Government should be, never to take from the citizen more than is necessary in taxes to conduct the Government economically, and if, perchance, there should be more collected than is sufficient for that purpose, there should be no delay on the part of the Government in refunding the excess to the citizen from whom it was taken.

"But the National Government is not the only government that imposes taxes. There is the state, the county, the city, the school district, the drainage district, the road district, and numerous other taxing bodies, and from the best information I have the taxes imposed by these inferior political sub-divisions is greater now than that imposed by the National Government; that while the National Government has been, since the war, reducing its annual cost, the local governments have been increasing

their costs, so that I presume to say that the aggregate of the taxes, although much less in the National Government, are not much less altogether than they were. But the people continue to insist on activities on the part of the Government which are unnecessary, unmindful of the tax and the fact that high taxes result from the high cost of government. People somehow have the feeling that the Government has machinery with which it can make the funds to carry on great activities. In this, of course, they are mistaken. The Government has no money of its own. Its only source of revenue is the people and if the people insist on Government functions which ought not to be, they must expect to pay the bills.

"The best Government is that which is closest to the people. The people themselves should keep a watchful eye over their Government officials. They should insist on proper economy. They should demand that no Government activity should be engaged in which is unnecessary. They should keep constantly in mind the fact that the Government has no machinery of its own to make the money with which to pay the bills, that these bills can only be paid through tax levies, that the tax levies must be imposed upon the people, and that in the last analysis, whether the National Government or the State or the City imposes the tax, the people pay. They must not delude themselves with the thought that the transfer of an activity from one government agency to another will relieve them of the tax burden; it will not; it cannot, for the people make up the Nation whether within or without the state lines, and the Federal Government is but the agency of the people wherever they may live within the confines of the Nation.

"The men who file tax schedules are not the men who pay all the taxes. They should be alive to the fact that the man who really files a tax schedule and pays the amount called for on its face into the Treasury, adds the amount of the tax to the cost of the article which he sells to the man who has no tax schedule to file, so that, in the long run, the man who thinks he escapes the tax is the man who pays it.

"If this fact could be impressed upon all people, those who pay taxes directly and those who do not, it would be easy to make them understand that when bonds are proposed to be issued by governments for unjustifiable purposes, the vote cast for the authority to issue these bonds by the Government officials is a vote to impose additional burdens of taxation on those who cast the votes, there might not be so many of them issued.

"Here again I want to call attention to the fact that the people themselves have the remedy. They can demand of their officials that economy be exercised and that demand, once observed, will bring about the desired result.

"The less the Government costs, the lower taxes will be and it must be clear that the lower the tax rate, the greater the amount of surplus created which can be invested in the enlargement of existing business and the establishment of new enterprises. The more opportunity there is for employment, the greater the prosperity of the people and the more contented they are.

"Confidence throughout the world has been restored, in a large measure, through the aid of America. Business during the year just closed has been profitable. Employment was never more easily obtained and never have there been better wages paid. All the indications point to a prosperous year for 1926. The foundation has been laid by the Government for this prosperity by reducing the cost of Government, lowering the National taxes and leaving the borrowing field for the expansion of industry. The reduction in taxes must inevitably reduce prices of all commodities, and thus should, beyond doubt, inaugurate a new era of prosperity the like of which the Nation has never known and in which not only the people of America should join, but in which also the people of the world should participate.

"The feeling of good will among the Nations is constantly improving. All that is needed now is the cementing of this good will into a system of confidence. That once accomplished should place the world on its way to peace and harmony and prosperity and the people of the world toward the goal of greater happiness."

## A Step in the Right Direction

A commendable proceeding on the part of the supervisors of Maricopa County is the transmission of a communication addressed to the chairman of each school board of trustees in that county, calling to their attention the fact that a large part of county and state taxes are directly under the control of the boards of school trustees.

The letter reads in part as follows:

"All state, county and school district expenditures must be based upon a definite previously adopted budget. The tax rate depends directly upon the amount of this budget. The state rate for 1926 will depend upon the amount of the budget finally adopted to carry on the state government. The county rate for 1926 will depend upon the amount of the budget finally adopted to carry on the county govern-

ment. The special school tax in your school district will depend upon the budget you trustees finally adopt for your school, this year. This budget you are now preparing."

After quoting the 1925 tax schedule, the Maricopa supervisors say:

"The board of supervisors has jurisdiction only over the budget for the general county fund, which represents \$.077 on each dollar of taxes levied, and we wish to assure you that we are going to use every effort to hold this budget down to the minimum. We want your board of trustees to cooperate with us and use their best efforts to hold your school budget down as much as possible.

"From this schedule you will see that \$.427 out of each dollar of our 1925 taxes was for school purposes. All school budgets are adopted by the school trustees. Therefore, a large part of our tax-

es are under your jurisdiction."

In taking the action described above, Maricopa county supervisors have set an example which it is to be hoped the supervisors in the other counties of the state will follow. Even though it may be too late this year for all the counties to take similar action, it would be an excellent thing if the chairman of the boards of trustees of the various school districts in the other counties of the state, would, without waiting to have their attention called to the facts set forth above, take such action as they can at this time to reduce the amount of the school budgets to the point of economy consistent with efficiency. Were such a step to be conscientiously and intelligently carried out in every school district in the state, it may be predicted without any hesitation that the results will be most gratifying to the taxpayers.

## Nevada Taxpayers Active

"At the annual meeting of the members of the Nevada Public Economy League, held on February 9, it was unanimously voted to change the name of the organization to Nevada Taxpayers Association," says The Nevada Tax Review. "The old name was adopted at the outset, four years ago, for special reasons that no longer obtain; the new name corresponds to names of other similar organizations seeking the same ends in various western states, and it is more clearly explanatory of the purposes for which the association exists.

"Associations of taxpayers organized for the purpose of investigating public finances were formed in New Mexico and Arizona nearly twenty years ago; they still exist stronger in public esteem and support than ever. Other western states followed their example until practically all western states now have associations whose sole object is to secure economy with efficiency in government, whether state, county or city. In 1924 the representatives of these associations met at Salt Lake City to

compare notes on their various problems and the methods adopted to solve them. The discussion at these meetings proved so helpful that a permanent organization was formed known as The Western States Taxpayers Conference. Annual meetings have since been held at San Francisco, and at Portland; and in 1926 the meeting will be held in Los Angeles. It is probable that the meeting for 1927 will be invited to hold its session at Reno. The western states of Montana, Wyoming, Colorado, Texas, New Mexico, Arizona, Utah, Idaho, Washington, Oregon, California and Nevada are represented in these annual conferences. The problems of economy in public expenditures are the same in all states; the methods employed in securing economy naturally differ, but the one method on which all workers agree as the most effective is that of publicity. Publishing the figures gives the people an accurate knowledge of public affairs; and is believed to be, of itself, a strong deterrent of extravagance on the part of officials who might be so inclined. . . .

"The association works for every taxpayer in the state; it asks for nothing for one taxpayer or group of taxpayers that it does not ask for every taxpayer in equal degree. Its sole purpose is to stop unnecessary and extravagant outlays of public money; it aims to inform the people on public matters and so arouse their intelligent interest in civic affairs. It is not opposed to the proper expenditure of public funds for the things the community should buy; it is not opposed to good roads but approves them; it is not opposed to good schools but demands them. It is opposed to the unnecessary expenditure of a single dollar of the peoples' money, and it demands that dollars taken from the people by taxation shall be scrutinized as closely and expended as carefully as money in private hands. Public money, because it is being expended for such fine purposes as roads and schools offers no license to the spenders to use it wastefully or lavishly; the better the purpose the more sacred the funds.

"The association endeavors to cooper-



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JUNE, 1926 50 cents

### OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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ate with public officials believing that this is the more effective way to secure good results; on the whole this method succeeds. Public officials as a rule are a higher type of citizens; they want the public to get 100 cents of good out of every dollar expended; some of them, however, are full of enthusiasm for good roads and can see little else, others would spend nearly all public funds for schools, not opposing but overlooking other requirements. The proper balance can only be held by an intelligent public opinion."

## QUESTIONS and ANSWERS

**Q.** What is the present status of the gasoline tax in Arizona, under which law fifty per cent of the revenue from the tax is apportioned to the counties in which it is collected to be credited to the county road fund.

A. The Attorney General has held that as the law now stands, when the 25% apportionment account of the State Road Fund has received \$1,550,000.00 from the following sources; the 10c State Road Tax, the Gasoline Tax, and the Mill Tax on auto stages and trucks, then all these taxes cease.

The 25% State Road Fund receives 25% of the 10c State Road Tax; 25% of the Gasoline Tax; and all of the Mill

Tax on Auto stages and trucks.

According to the State Auditor's accounts, the total amount credited to this fund since the 1923 Highway bill went into effect to date of April 1, 1926, was \$1,074,933.90.

The amount credited from the 1925 State Road Tax was \$160,223.96, the amount received from the Gasoline Tax is now averaging about \$20,000.00 per month and from the Mill Tax about \$2,000.00 per month.

Using the above figures as an estimate for the future, it will be approximately the end of the next fiscal year before the total \$1,550,000.00 is received.

The next legislature which convenes in January will undoubtedly pass some legislation on this subject and it is possible they may make changes in the gasoline tax law that would change the amount apportioned to the counties. However this could only affect the last three months of the next fiscal year.

The County Boards of Supervisors in preparing their budgets can safely count on receiving the usual revenue from the Gasoline Tax for at least nine months of the next fiscal year.

**Q.** What expenses of the new Industrial Commission of Arizona which was created by the last Legislature, are paid by taxes imposed upon the property of the State?

## BUSINESS ADMINISTRATION OF PUBLIC SCHOOL SYSTEM

"Elimination of waste and increase in efficiency in the expenditure of the Nation's \$2,000,000,000.00 annual bill for public education is to be the keynote of the work of the National Commission on Economy and Efficiency of the Business administration of School Systems," according to School Life. "The commission has been appointed by the joint action of Secretary of Commerce Hoover, Secretary of the Interior Work, and Dr. Frank W. Ballou, president of the Department of Superintendence of the National Education Association.

"It is the unanimous opinion of the members of the commission that although the American people have faith in the public schools the cost has become so great that approval of continued rapid expansion along present lines is by no means unanimous. There is an insistent demand for good business management in the administration of all school systems.

"The first subject which will be considered by the commission will be a comparison of methods of school administration with the practices in large indus-

A. The so-called Industrial Commission Act, which provides a scheme of insurance for employees whereby they are paid compensation if they sustain injuries while employed, and under the terms of which all employers of the State must protect their employees in this way by carrying insurance providing they have three or more, (not including agricultural and domestic employments), makes provision for the appointment of three commissioners at a salary of \$5,000.00 per year each and for the appointment of a secretary to the Commission whose salary is fixed by the Commission. The Act also provides that the Commission may employ actuaries, clerks, etc. The salaries of the three Commissioners, amounting to \$15,000.00 per year, and the salary of a secretary, together with the actual traveling expenses of the Commissioners and the Secretary, are paid from State funds, which funds are derived by Taxation and other sources of revenue of the State. The salaries, expenses and other charges of administration incurred by the Commission for help, supplies, etc., are paid from the Compensation Fund which has no relation whatever to moneys collected by taxes upon the properties of the State. This compensation fund is made by all moneys received by the Commission as premiums upon policies of insurance of employers of the State.

trial and commercial establishments. By this comparison the commission hopes to point out economies which might be effected without depreciation of the quality of instruction given. Such economies should result in making additional funds available for the expansion of the school plans without adding to the burden of the taxpayer.

"The annual cost of public education has nearly doubled during the past five years and is almost four times as great as it was in 1915. Some of this increase, but by no means all of it, can be explained by the loss in the value of the dollar and by the rapid growth in school attendance. Some of it certainly has been due to a growing insistence on the part of the public for more and better schools, modern equipment, greater play facilities, increased extra-curricular activities, better pay for the teachers in order to obtain better teachers, an expansion of health conservation facilities such as dental and medical clinics, and other demands which indicate a belief in the public school as an institution essential to the progress of the Nation."

AUG 4 1926

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Permit No. 18  
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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEYARIZONA  
TAXPAYERS  
MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME THIRTEEN

PHOENIX, ARIZONA, JULY, 1926

NUMBER SEVEN

SALIENT FEATURES OF THE PROPOSED  
AUTOMOBILE TAX LAW

The initiative measure sponsored by Secretary of State Kerby, which the voters of Arizona will be called to pass upon at the general election:

CREATES AN ENTIRELY NEW DEPARTMENT OF STATE to be known as the Motor Vehicle Department of Arizona, and the OFFICE OF COMMISSIONER OF THE MOTOR VEHICLE DEPARTMENT WITH A SALARY OF \$4,800.00 A YEAR AND A SIX-YEAR TERM.

FIRST COMMISSIONER TO BE APPOINTED BY THE SECRETARY OF STATE, or in his absence from the state, by his assistant. Thereafter office to be elective.

Transfers to the new department the duties imposed or devolved upon the Secretary of State, County Assessors and all other officers in administering the present motor vehicle laws. PROVIDES SPECIFICALLY THAT SALARY OF SECRETARY OF STATE SHALL REMAIN THE SAME AS NOW PROVIDED, \$5,500.00 PER YEAR.

SUBSTITUTES FOR ALL OTHER TAXATION, EITHER STATE OR COUNTY, a yearly tax of 40 cents per hundred pounds or major fraction thereof on each motor vehicle except motor cycles and commercial vehicles for the first three years, and 30 cents per hundred pounds thereafter.

REPEALS THE MILL TAX ON COMMERCIAL VEHICLES AND IMPOSES INSTEAD A WEIGHT TAX as follows:

Tax Per Hundred Pounds	First 3 Years.	After 3 Years.
Up to 2,500 pounds .....	\$ .60	\$ .40
2,500 to 4,000 pounds .....	.75	.50
4,000 to 6,000 pounds .....	.90	.75
Over 6,000 pounds .....	1.10	.90

Trailers up to 1,000 pounds 50 cents per hundred pounds, over 1,000 pounds \$1.00 per hundred pounds.

Imposes a tax of \$3.00 per hundred pounds on each motorcycle and \$2.00 on each motor bicycle.

One third of the taxes received to be paid to the counties in proportion to the amount of taxes received from the respective counties, and two-thirds of the tax to be paid to the State Treasurer.

Gives the Commissioner of the Motor Vehicle Department POWER TO INCUR SUCH EXPENSES AND EMPLOY SUCH PERSONS AS MAY BE NECESSARY TO CARRY OUT THE PROVISIONS OF THE ACT AND TO FIX THEIR COMPENSATION.

Appropriates out of any money in the general fund AN AMOUNT SUFFICIENT TO COVER THE EXPENSES IN CARRYING OUT THE PROVISIONS OF THIS ACT.

REDUCES THE ASSESSED VALUATION OF THE STATE OF ARIZONA APPROXIMATELY \$12,000,000.00, AND AUTOMATICALLY TRANSFERS TO OTHER CLASSES OF PROPERTY THE BURDEN OF PROVIDING THE REVENUE THUS LOST.



## EDITORIAL COMMENT

# The Big State Bond Issue Scheme Fails

Taxpayers throughout the state will find much that is gratifying in the failure of a scheme to increase by ten million dollars the amount of bonded indebtedness which may be contracted by the state of Arizona. It was planned to place on the ballot next November a constitutional amendment authorizing a \$10,000,000.00 highway bond issue and a highway bond act putting the details of the plan into effect.

The constitutional amendment, however, failed to receive sufficient signatures to place it on the ballot at the next general election, and its twin, the state highway bond act, as initiated, is so badly crippled through failure of the amendment as to be in many respects entirely invalid and of no effect whatsoever.

It was anticipated when the highway bond act was drawn that no difficulty would be encountered in placing both it and the proposed constitutional amendment on the ballot. Provision is therefore made in the act, as it will appear on the ballot next November, for issuance of \$10,000,000.00 in state bonds, a step which of course cannot legally be taken without raising the limitation prescribed in the state constitution.

The only portions of the state highway bond act as initiated which could be put into effect are those re-enacting the 10-cent state road levy, the three-cent gasoline tax and increasing the mill tax on passenger automobiles operated for hire, such as stages, taxicabs, etc. The act would also do away with the present division of the state road levy into 25% and 75% funds, under which only one fourth of all revenues may be expended by the state "at large", and the other three-quarters may be spent only within the county from which it was received, and by agreement between the county supervisors and the state engineer.

Instead of requiring that 3-4 of the

10-cent road levy be expended in the county of origin, the proposed act would create one single state highway fund, into which would be paid all money received from the 10-cent road levy, the mill tax, the motor vehicle registration fees, and one-half of the gasoline tax. Out of this fund there would first be expended for the maintenance of existing highways not less than \$300.00 per mile of state highway. Thereafter there would be expended in each county 125% of the amount raised in that county by the 10-cent road levy.

Provision that the 10-cent levy, gasoline and mill taxes should not be repealed or reduced while any bonds issued under the act were outstanding is made in the measure, which, if the necessary constitutional amendment were to be adopted, would authorize the state loan commissioners to issue bonds up to the sum of \$10,000,000.00 for highway improvements. The bonds to be retired not later than fifteen years from date, and to bear interest at not to exceed five per cent.

The plan was to provide at least \$5,000,000.00 a year for highway construction and improvement. Of this amount it was estimated that \$1,000,000.00 would be forthcoming from Federal aid funds, and that the remaining \$4,000,000.00 would be provided from the revenues accruing from the 10-cent road levy, the gasoline tax, the mill taxes and the motor vehicle registration fees, plus the sale of bonds. The loan commissioners were to be authorized and "instructed" to issue bonds in an amount not to exceed (in addition to any amount required to pay the interest on or redeem any outstanding bonds) the difference between \$4,000,000.00 and the amount estimated would be forthcoming from the various taxes above mentioned.

Under the provisions of this law, as proposed, the state would have been granted authority to incur an obligation

totalling \$17,500,000.00 consisting of a principal amount of \$10,000,000.00 and interest for 15 years on that sum at the rate of 5%, \$500,000.00 a year, or \$7,500,000.00. To offset this there would have been considered applicable for retirement of the bonds any surplus which might remain out of the receipts from the 10-cent road levy, the gasoline tax, the mill tax and the registration fee, after \$4,000,000.00 had been expended, and the interest on the bonds had been paid.

In other words it appears that the sinking fund for retirement of the bonds would have been created only when and if there was any money left out of these revenues after spending \$4,000,000.00 for highway improvement and paying the interest, which would amount to \$500,000.00 annually on the full amount of the bonds. As the act contains the provision that "all said bonds shall be issued upon the full faith and credit of the state of Arizona" it is of course apparent that the real security back of the bonds would have been the taxable property within the state, and that any deficit in the estimated revenues (which those advocating the bond issue hoped would some day amount to sufficient to pay the interest and retire the bonds) would have to be made up by direct taxation.

The proposal in effect was that the property taxpayers of Arizona should assume an additional burden of bonded indebtedness of a maximum amount of \$17,500,000.00, less what might remain from the revenues now or hereafter to be produced from the various sources given above. In view of this fact it is not to be wondered at that they were slow to "sign up" for such a program.

It is of interest in this connection to see what the present bonded indebtedness of Arizona and subdivisions amounts to.

According to official figures compiled by the state tax commission, the total

outstanding bonded debt of the state and its subdivisions on June 30, 1925 was \$47,544,589.00, and the annual interest charge on this debt amounted to \$2,610,853.00. With a bonded indebtedness aggregating nearly fifty millions of dollars, it is not surprising that the people of this state are not enthusiastic over assuming an additional burden aggregating in the maximum \$17,500,000.00. For any deficit in the revenues, which it was asserted would be used (if large enough) to pay the interest and retire the bonds, would have fallen upon the shoulders of the property taxpayers.

In Maricopa County alone the bonded indebtedness is \$19,852,840.00 and the annual interest charge \$1,158,868.00. This amounts to \$3,175.00 a day, every day in the year, and constitutes a burden which is being borne with difficulty and in many instances imposing genuine hardship. As Maricopa County's valuation is 18.34 per cent of the total valuation of the state, or nearly one-fifth, adoption of the proposed constitutional amendment in connection with the highway act would have authorized the addition of approximately \$3,500,000.00 to the bonded indebtedness which must be assumed by the taxpayers of Maricopa County, and would have added about \$100,000.00 a year or nearly \$300.00 a day in interest charges to the burden they are already bearing. That the people of Maricopa County are not in favor of any measure which would place this additional burden upon them is very evident.

In many instances, it is stated, people were led to sign initiative petitions in favor of placing the proposed \$10,000,000.00 state bond issue on the ballot through representation that the state would lose \$1,000,000.00 in Federal aid annually unless such a step were taken. Figures compiled by the state highway department show that Arizona is not in danger at this time of losing any Federal aid, that all Federal aid funds that would revert prior to June 30, 1926 have been fully matched. Nor does it appear likely that any Arizona legislature will ever decline or refuse to appropriate an amount sufficient to match the Federal aid funds allotted to this state.

At the present time the revenue from the 10-cent road levy is approximately \$640,000.00 and the state's half of the gasoline tax amounts to \$427,000.00. Motor vehicle fees amounted last year to \$402,403.75, but there is now before the people a proposal, which if adopted, will considerably reduce the revenue from this source. The net receipts from the mill tax last year amounted to a little over \$26,000.00. This tax may also be

repealed, if the Kerby proposal recently initiated should be adopted.

The revenue from the 10-cent road levy has shown a steady decrease over a period of years, and was nearly \$57,000.00 less in 1925 than it was in 1923. If the shrinkage in the total state valuation continues, the revenue from this source will be less each year over a period of years, instead of increasing as the proponents of the highway act estimated that it would.

However, assuming no decrease in either the 10-cent road levy, the state's share of the gasoline tax or the receipts from motor vehicle fees, and that the mill tax will continue to produce the same amount as it did last year, there will be available approximately \$1,500,000.00 for highway purposes, which sum, under the proposed plan would have had to be supplemented by sale of \$2,500,000.00 in bonds to produce, after paying the interest, the first year a fund of \$3,875,000.00 to expend on the highways.

While this might have been fine for the first year or two, it is an old adage that you cannot eat your cake and have it, too. The fact that the amount needed for interest payments would increase rapidly each year would of course correspondingly diminish the revenues from the various sources above enumerated which could be applied to highway construction and maintenance. Nor does this take into account provision of a sinking fund for the retirement of the bonds. Advocates of the measure did not explain how it would be possible to expend the revenues from these sources of taxation on the highways and at the same time have them available for payment of interest and the retirement of the bonds.

This magazine has never opposed the expenditure of public funds for necessary improvements. On the contrary, it has advocated measures designed to promote efficiency in public affairs. It has, however, consistently advocated caution in embarking on programs calling for the expenditure of enormous sums, and the incurring of large obligations without some definite and thoroughly established source of revenue to provide for same.

The limitation on the bonded indebtedness of the State of Arizona contained in the State Constitution has operated as an efficient brake on the incurring of indebtedness by the state. The counties have not been restricted, and in several instances as above stated have bonded themselves up to and beyond the limit which their taxpayers are able to bear. The proposal, therefore, to throw down the bars and permit the state to follow

in the footsteps of the countries by floating a ten million dollar bond issue justified the most careful examination and exercise of the greatest caution on the part of the people of this state.

With all due respect to the advocates of good roads who are undoubtedly sincere in their efforts to bring about improved highways, it appears that the proposal put forward by the highway department and the Good Roads Association was founded more on airy optimism than on hard facts. The money which it was asserted would be forthcoming to pay the half million dollar interest charges and to retire the bonds which it was proposed to issue was expected to be derived from an estimated surplus over and above the amount of \$4,000,000.00 from the ten-cent road levy, the gasoline tax and the mill tax.

The total revenue from these sources has never equalled the sum of \$4,000,000.00, in fact it has never amounted to 50 per cent of that sum. It is true that the state is growing and that some increase in the revenue from the gasoline tax may be expected. As for the ten cent road levy, with a steady decrease in assessed valuation occurring each year for the past several years, the revenue from that source has been declining. In 1923 it produced \$697,002.00, in 1924 \$665,702.00, and in 1925 only \$640,895.00 so it will be seen that it could not be depended upon to increase but rather, in the light of its present trend, to diminish.

As has been well said, the only light by which we may be guided is the light of experience. We know what has happened in the past, and by that, and only that, may we accurately gauge the future. Our past experience is full of instances in which optimistic expectations have been allowed to take the place of hard facts, and the results has in many cases been fraught with hardship for the property taxpayer, whose property in the final analysis is the only tangible security back of bond issues.

The fact that the proposed constitutional amendment which would have saddled an indebtedness of \$17,500,000.00 on the already overburdened taxpayers of the state failed of initiation is a hopeful sign. No doubt if the supporters of the measure had had a longer time in which to obtain signatures, it might have been placed on the ballot. But it is not as easy as it once was to talk the taxpayer into signing up for a big bond issue. He knows from sad experience that "estimated receipts from other sources" may not materialize in the amounts hoped for, and that in the last analysis it is he and his family who have to deny themselves to pay the bill.



# Gasoline Tax Apportionments to Counties

County	June 1925	July 1925	August 1925	September 1925	October 1925
APACHE .....	\$ 412.10	\$ 498.98	\$ 737.88	\$ 771.68	\$ 320.54
COCHISE .....	3,602.37	3,527.77	3,594.95	3,680.30	3,676.20
COCONINO .....	2,093.75	2,293.40	2,523.32	2,265.84	1,415.79
GILA .....	3,007.10	3,027.88	2,885.43	2,782.72	2,563.30
GRAHAM .....	764.21	753.60	751.47	813.80	724.32
GREENLEE .....	498.03	526.95	491.20	501.01	514.41
MARICOPA .....	12,791.98	12,495.99	11,865.87	12,343.60	13,597.71
MOHAVE .....	1,079.67	890.53	860.26	956.11	954.67
NAVAJO .....	1,944.10	1,600.11	1,620.71	1,476.91	1,577.02
PIMA .....	3,781.99	3,773.74	3,862.16	4,084.48	4,293.57
PINAL .....	1,156.64	1,107.14	1,109.16	1,112.23	1,110.25
SANTA CRUZ .....	861.72	781.66	676.18	845.20	674.11
YAVAPAI .....	3,282.20	3,398.66	3,355.52	3,149.93	2,842.54
YUMA .....	2,331.53	2,201.28	2,105.46	2,259.52	2,465.84

Importance of the gasoline tax as a producer of revenue for the counties of the state is shown in a statement of the apportionments made to the various counties of the state during the fiscal year ending June 30, 1926. The table shows the exact amount of money received by each county from this source during the fiscal year just ended, the total being \$449,992.47.

This amount represents only half of the tax actually collected during the twelve months ending May 31, 1926. The other half went into the state treasury, where it was divided equally between the 25% state road fund, expendable in any part of the state at the discretion of the state engineer, and the so-called 75% fund, which must be expended in the county from which it was collected, by agreement between the county supervisors and the State engineer.

It will therefore be seen that each county, through the operation of the 75% fund actually received 50% more money than is shown in the table published herewith. The money, it is true, was paid into the state treasury, but it could be expended only in the county from which it was collected, under agreement between the state engineer and the county supervisors.

If to the totals shown in the following table there is added the amount placed to the credit of each county through op-

eration of the 75% fund apportionment, the total credit to each county during the period covered would be as follows:

Apache .....	\$ 8,184.52
Cochise .....	65,078.94
Coconino .....	26,089.63
Gila .....	50,504.46
Graham .....	14,908.72
Greenlee .....	8,725.35
Maricopa .....	254,084.89
Mohave .....	14,628.19
Navajo .....	22,500.64
Pima .....	78,701.43
Pinal .....	21,009.85
Santa Cruz .....	13,746.91
Yavapai .....	51,939.37
Yuma .....	44,885.76
Total .....	\$674,988.66

The foregoing figures are of interest, by reason of the fact that it is now proposed, through initiation of the state highway bond act, to abolish the 25%-75% apportionment, and to place half of the receipts from the gasoline tax in the state highway fund, where it will be expended solely under the direction of the state engineer and without respect as to the county of origin.

It will be noted that the receipts from gasoline tax vary in some counties within a fairly wide range, due largely to seasonal conditions. For example, the receipts in ten of the counties were at

their lowest point for the month of January, resulting in the lowest apportionments being made in those counties. This is due no doubt to the winter weather, and that climatic conditions were less favorable to the use of automobiles. In the warm counties of Yuma and Maricopa, the receipts reached their low point in the month of August, and were highest in December, indicating a shifting of tourist travel to the northern routes during the summer months and to the warmer southern routes during the winter. Conversely, the northern counties reached their highest figures in the summer: Navajo and Mohave in June, Yavapai in July, Coconino in August and Apache in September. Little variation is shown in such counties as Gila, Cochise, Greenlee and Santa Cruz.

Interesting facts concerning the gasoline tax in the United States have been compiled by Beulah Bailey, Librarian of the New York State Tax Commission, and were recently published in the Bulletin of the National Tax Association.

Forty-four out of the forty-eight states have passed gasoline tax bills, the article asserts, the exceptions being New York, New Jersey, Massachusetts and Illinois. Although at first the tax rate was one cent a gallon in most of the states, there are at present only three states with a one-cent tax—North Dakota, Rhode Island and Texas. The tax

## During Fiscal Year Ending June 30, 1926

	December 1925	January 1926	February 1926	March 1926	April 1926	May 1926	Total
39	\$ 547.89	247.38	\$ 304.84	\$ 441.46	\$ 382.25	\$ 571.96	\$ 5,456.35
08	3,571.41	3,125.07	3,538.59	3,624.96	3,702.99	3,866.32	43,385.96
07	955.08	428.82	668.76	810.23	926.10	1,786.93	17,393.09
34	3,425.95	2,416.50	2,544.73	2,713.30	2,643.07	2,918.32	33,669.64
96	993.02	676.42	811.89	807.62	1,010.62	908.22	9,939.15
42	520.50	391.63	430.48	488.26	435.19	539.82	5,816.90
91	16,915.55	15,223.77	14,402.06	15,082.40	14,810.79	15,019.30	169,389.93
07	668.97	489.44	556.94	710.63	821.19	1,037.65	9,752.13
64	859.71	603.66	750.85	883.43	979.78	1,398.51	15,000.43
24	5,160.54	4,143.42	4,619.43	4,703.11	4,792.57	4,673.37	52,467.62
01	1,306.41	982.72	1,379.81	1,262.25	1,171.25	1,170.70	14,006.57
50	857.08	619.86	756.98	732.06	842.47	831.79	9,164.61
38	2,816.49	2,031.72	2,356.44	2,444.40	2,766.35	3,396.62	34,626.25
00	3,240.62	2,527.59	2,556.09	2,406.87	2,489.24	2,538.80	29,923.84
							\$449,992.47

in the other states varies from two to five cents.

In part the article says:

"Never has any tax made such a popular appeal, both to the people taxed and to the administrative bodies as has the gasoline tax.

"In the majority of the states the gasoline tax is levied upon the distributor, who is usually the manufacturer or importer.

"In discussing this tax on motor fuels we refer to it as the "Gasoline Tax." That is really not accurate. There are only 5 states which tax gasoline alone—Florida, Iowa, Michigan, North Dakota and Texas. Montana and Tennessee tax gasoline and distillates. Arizona and Missouri tax distillates from crude petroleum used for motors, and Oklahoma petroleum motor fuels. Arkansas, Connecticut, Kentucky, Louisiana, Minnesota, Mississippi, New Hampshire, New Mexico, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina and West Virginia tax all liquid fuels, while the remainder of the states tax all liquid fuels save kerosene.

"In any law it is always the exceptions and exemptions that cause the greatest difficulties. There are a few states that, with the exception of gasoline sold in interstate commerce, have no exemptions. Some of the states make no provision in their law for interstate commerce, but all

states have to make this exemption in compliance with the Commerce Clause of the Federal Constitution.

"The exemptions that are common to nearly all the states granting such, are fuels used in agriculture machinery, motor driven vehicles run only upon tracks, motor boats, air craft, and gasoline used for cleaning, dyeing or for commercial purposes other than motor vehicles operated on the public highway.

"The gasoline tax has many reasons for its success and popularity, but probably the primary ones are its cheapness of administration and collection, and its success as a revenue producer.

"In using the 1924 figures for the cost of administration, the lowest per cent of revenue spent for collection is one-tenth of one percent. This was the percent in eight states, namely; Florida, Georgia, Indiana, Louisiana, Maine, New Hampshire, New Mexico and Vermont.

"Adam Smith says that "Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the state." From the low cost of administration it is evident that the gasoline tax fulfills the requirement of keeping as little as possible out of the pockets of the people, but the question is how much does it take from the pockets of the people.

In 1924 the total revenue from the gasoline tax in the thirty-five states was over 68 million dollars. For the first six months of 1925, the yield from forty-four states and the District of Columbia was 41,108,734 dollars. At that same rate the total yield for the whole year would be 82,217,467 dollars.

Out of the forty-four states with the gasoline tax, only five use even a part of the revenue for any purpose other than roads. North Dakota alone devotes the entire revenue to the general fund. Alabama, Georgia and Montana devote part to the general fund and part to the roads, and Texas devotes one-fourth to the public free school fund and three-fourths to the highways. Two states, Kansas and Wyoming, distribute all the revenue to the counties for the use of roads. Thirteen states—Arizona, California, Colorado, Florida, Indiana, Iowa, Mississippi, Nevada, Ohio, Oklahoma, Pennsylvania, South Carolina and Virginia—divide the money in varying proportions between the states and localities for the maintenance of the highways. The remaining twenty-three states keep the money in the state treasury and directly supervise and authorize its expenditure for roads.

People are willing to pay the gasoline tax as it is a fair measurement of the use of the highways.



# Arizona Budget Results are Revealed

The following article, entitled "Economy through Budget Operation in Arizona," was written by Rudolph Kuchler, President of the State Taxpayers' Association of Arizona, at the request of the California Tax Digest. It is reprinted herewith from the June issue of the coast publication:

"What is the very least amount of water you must have?"

Every farmer in irrigated regions of the Southwest during the recent drouth learned a valuable lesson through that question. He learned how to use water without wasting it. Better crops actually resulted than in the years of unlimited water supply, for every acre-foot was made to do full duty, with every man realizing the need for strictest economy.

Moreover, there came to many for the first time a realization that storage reservoirs are not enough, nor the development of the sources of water supply sufficient. When replenishing rains, confidently expected, have failed to come, it becomes necessary to scrutinize in detail the use to which every drop of the meagre store of water is to be applied.

Some projects, expanding too rapidly, and without justification for their optimistic hopes, find themselves left "high and dry," while their frugal neighbors, through care and economy, are able to survive the "lean years."

## As To Cost Of Government

As the drought gave warning and aught the value of use without waste, so the mounting costs of government throughout the country are no less a danger signal. They emphasize the necessity of watching what goes over the pillways of our public treasuries, and he uses to which it is applied. To neglect or ignore this necessity in government expenditure, is like spending millions for constructing vast storage reservoirs, without spending one cent to supervise he uses to which the water is to be applied. For after all, our public treasuries are but stored wealth, garnered from many sources, after long and studious consideration of valuations, and of the fair and just distribution of taxation. To permit this wealth, once it is collected,

to be dissipated hither and yon without plan or program or wasted through duplication of effort, is the height of inefficiency. Budget review is nothing more than careful scrutiny of the purposes to which this wealth is to be applied.

## In Arizona

In Arizona, as in many other states, the necessity for careful and intelligent preparation of a budget governing public expenditures was not at first appreciated.

People were eager for public improvements. Although the youngest of all the states, Arizona was quick to adopt the machinery of older and more populous commonwealths.

As a result, costs of government multiplied rapidly, and bade fair to outrun, and thus hinder, development of the state's great natural resources.

Department after department, commission after commission, were created, usually with generous "continuing" appropriations to carry on the varied activities.

It took a consistent and energetic campaign of education of the public, launched by the State Taxpayers' Association of Arizona, plus the "slump" of 1921, to bring about a reform of the slipshod system that permitted no check on expenditure of public money. This system naturally resulted in a flood of "relief bills" at each legislative session.

Early in 1922, the Arizona legislature met in special session and enacted a financial code which abolished all special funds, created a budget system, and compelled every state department to go on a strict budget basis. Very substantial savings in the appropriations which had previously been made for that fiscal year were also effected.

## The State Association

The State Taxpayers' Association of Arizona not only assisted materially in bringing about passage of this budget law, which in the main appears to be working out successfully, but has been actively concerned in observing and "checking" its operation. Under its pro-

visions, the head of every state department is required to file with the governor, three months prior to the legislative session, an estimate of his requirements for the ensuing biennium.

These estimates are reviewed by the governor's executive budget secretary, and the budget, as finally approved by the chief executive, is then prepared for presentation to the legislature. Under the terms of this law, all the old and vicious continuing appropriations were abolished, and all unexpended balances made to revert annually to the general fund of the state.

No office or department is allowed to create any deficit, or, without authorization of the governor, to expend in any quarter of the fiscal year more than one-fourth of its appropriation for that year. This provision tends to prevent any department from using an undue proportion of its appropriation during a slack period, later finding itself unable to function during months of increased activity. In the main, this restriction has been observed to a gratifying degree, while those departments whose activities are largely seasonal have been enabled through executive authorization to carry on without embarrassment.

The Arizona county budget law operates in much the same way as the state code. However it contains a provision permitting counties to exceed their budgets in case of emergencies, upon authorization of the state tax commission. That commission, much to its credit, has resolutely adhered to the spirit of the law, in the face of more or less insistent requests on the part of some counties for permission to exceed their estimates. Authorization of an "emergency levy" in Arizona is rare. Three such requests, made during the past few months, were withdrawn without a hearing, and offices in the counties making them will hereafter be run on a strict monthly budget basis.

Although under the Arizona budget law, the annual increase in tax levies is limited to ten per cent of the total levy of the previous year, this restriction does not apply to the public schools or to purposes for which bonds are issued. This fact makes it possible to evade the ac-

tual purpose of the law, and tends to reduce its efficiency in limiting the total amount of public expenditures.

It would appear that some check on the amount of increase to be permitted, either through application of the ten per cent limitation to all expenditures, or through requiring approval of a central reviewing body of all bond issues, as is provided under the so-called Indiana plan, would be of material assistance in preventing uncalled for exceptions to the intent of the law.

### Reviewing the Budgets

Each year the Taxpayers' Association carefully reviews the county and city budgets, on which county, city and school district taxes are based; and

through public hearings provided for in the budget laws, takes advantage of the opportunity to present to the boards of supervisors, city and town councils, its recommendations or suggestions for elimination of items which may be dropped without impairing efficiency.

In offering these suggestions, it has always been the policy of our association to do so in a spirit of helpfulness, rather than criticism, to cooperate and assist, rather than to find fault. It is realized that the great majority of public officials are honestly and sincerely seeking to solve the problems of costs of government in fairness to the taxpayer, and it has been the Association's aim to lend its aid in the attainment of that end. As a result, there is not a public office

in Arizona where representatives of the association are not welcomed, or where they are not accorded cheerful and friendly cooperation.

As for results, they are to be measured in more than the substantial savings in dollars and cents, although results from that standpoint have been very satisfactory. There is a widening appreciation on the part of the taxpayer and the public officer that the public business must be run on the same lines of economy, consistent with efficiency, as are applied in any successful private business. When that appreciation becomes general, with a maximum of result for a minimum of expenditure, the task of budget review will stand forth, fully justified by the results obtained.

## Farmers Oppose Kerby Act

Declaring the proposed motor vehicle bill, for which petitions have been in circulation by Secretary of State Kerby, to be fundamentally unsound and detrimental to property owners, members of the Maricopa County Farm Taxpayers' Association recently went on record as opposed to the measure.

According to published reports of the meeting, at which resolutions dealing with the subject of taxation were adopted, members of the association agreed that the proposed measure, if enacted into law, would transfer many thousands of dollars in taxes from those who own automobiles but no property, to the

shoulders of property owners who already pay the bulk of government expense. The Association went on record as follows:

"1. Demanding economy in office by all candidates and careful scrutiny of all budgets before they are spread on the tax rolls, and that all candidates for county offices pledge themselves to keep their department expenses within the budget set by the county supervisors.

"2. That rural property be assessed on the basis of its actual cash value at exactly the same ratio as city and industrial property.

"3. That the initiative motor vehicle

bill now being circulated by James H. Kerby, Secretary of state, is fundamentally unsound and detrimental to property owners. "We regard this bill," said the resolutions, "as being contrary to the principles of equitable taxation." Members agreed that the bill, if enacted, would transfer many thousand of dollars in taxes from those who own automobiles but no property to the shoulders of property owners who already pay the bulk of government expense.

"The association is composed of members from each of the county farm bureau districts."

## Graham County Editor is on Guard

That the careful scrutiny advocated by this Magazine is being given the Kerby proposal to create a new department of state to have charge of the administration and collection of taxes on motor vehicles, is manifest from the following editorial published in the Graham Guardian of Safford under the heading "Shifting The Tax Gear". The

editorial follows:

"In the event the initiative measure, entitled 'An Act-Creating a Department of State which shall be known as the Motor Vehicle Department,' should be adopted by a majority of the qualified voters of the state at the November election, the present revenue derived by the state from a tax on motor vehicles would

be decreased approximately \$500,000.-00 per annum.

"In view of this proposed reduction in the tax on automobile vehicles, and the abolishment of the fee for license plates, the conclusion follows that other classes of property will necessarily bear a higher rate of taxation to make up the deficit in revenue derived at present by the



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription JULY, 1926

50 cents

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state and county from automobiles.

"The assessment rolls in the several counties disclose that there are approximately 56,000 motor vehicles in Arizona. For the sake of comparison we will estimate that each motor vehicle is assessed at an average valuation of \$350.00 and we have a total assessed valuation on motor vehicles of \$19,600,000.00. Applying an average county and state tax rate of \$2.76 on each \$100.00 of valuation and the revenue derived by taxation on motor vehicles totals the sum of \$540,960.00 annually. To this sum may be added an additional \$255,000.00 derived from license plate fees and the grand total of revenue reaches \$815,960.00. These figures are not accurate but are approximately correct.

"Under the initiative amendment proposed all state and county taxes, including the fee for license plates, are repealed, and in lieu thereof a single tax, based on the weight of the car, at the rate of 40c per cwt. is provided, for the first three-year period, and thereafter 30c per cwt.

"Under the present law the owner of an automobile, that is assessed at \$1,000.00 would pay, using the 2.76 cent levy, the sum of \$27.60 tax on his car

plus the fee for license plates. Under the proposed initiative measure, basing the average weight of a motor vehicle at 2500 pounds, the owner would pay a single tax of only \$10.00. Provided an automobile is the only taxable property owned by an individual he is accorded a substantial saving, but on the contrary, should he be the possessor of other taxable property, the saving made on his automobile tax must necessarily be assessed against his remaining property—

either by increased valuations or an increased tax rate.

"A reduction of \$500,000.00 in revenue in automobile taxes will create a deficit which must be overcome through taxes on other classes of property.

"Furthermore the property taxpayers will look askance at the provision of the bill creating another "state department." There is a strong opinion prevailing that Arizona is abundantly supplied with "state departments" now."

## Western Taxpayers to Meet in Los Angeles

The fourth annual meeting of the Western States Taxpayers Conference will be held at Los Angeles, October 11, 12, and 13, when delegates from twelve western states will come together to discuss ways and means of instituting real economies in the expenditure of the tax dollar, and how business methods can be instituted in every branch of government, state, county and local.

A splendid program is in course of preparation, and the fact that the conference is to be held at Los Angeles should result in the attendance of a large and representative delegation from Arizona.

The Western States Taxpayers Conference was organized three years ago when representatives of twelve western states met at Salt Lake City and formed a permanent organization.

## Questions and Answers

**Q. When may taxes be paid upon a tract of land assessed for taxes on account of any Irrigation District, Drainage District or Agricultural Improvement District?**

**A.** Chapter 46, Session Laws of 1923 states as follows: "Section 1. Where a tract of land is assessed for taxes levied and assessed on account of any irrigation district, drainage district or agricultural improvement district, organized under the laws of this State, such tax and each installment thereof for any such district, may be paid separately and without at the same time paying other State and County taxes assessed against the same property and the County Treasurer shall receive such payments of such tax, giving the person paying the same a receipt therefor showing the name of the district, a description of sufficient certainty to identify the

property assessed for such tax, the total amount of such tax, the amount paid and the name of the person paying such tax; but nothing in this act shall be construed or held to permit the payment of any other State or County tax without at the same time paying the taxes assessed against the same property on account of any such district.

Section 2. This Act shall not affect taxes due prior to the year 1924."

**Q. Who collects the taxes imposed in cities and towns in the State?**

**A.** All cities of the State having a special charter, for instance, Phoenix, collect their own taxes. In other incorporated cities and towns tax rolls are kept by the Treasurer of the County in which the city or town is situated, and collections are made for such city or town by the County Treasurer.

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ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME THIRTEEN

PHOENIX, ARIZONA, AUGUST, 1926

NUMBER EIGHT



One View of the Grand Canyon of Arizona, Premier Attraction of the State's  
Scenic Wonderland



## TAX OFFICIALS CONDEMN PROPOSED CHANGE IN AUTOMOBILE TAX LAW

The following resolution was adopted by the joint conference of County Assessors, County Supervisors and the State Tax Commission at Nogales, July 27, 1926:

"WHEREAS, there is now before the citizens of Arizona for their consideration a proposed initiative measure to be voted on by the electors at the General Election to be held on November 2, 1926, entitled:

"AN INITIATIVE MEASURE, AN ACT FOR THE REGULATION OF THE USE OF PUBLIC HIGHWAYS BY MOTOR VEHICLES, CREATING A DEPARTMENT OF STATE WHICH SHALL BE KNOWN AS THE MOTOR VEHICLE DEPARTMENT OF ARIZONA, CREATING THE OFFICE OF COMMISSIONER OF THE MOTOR VEHICLE DEPARTMENT OF ARIZONA, DEFINING HIS POWERS AND DUTIES, TRANSFERRING THE DUTIES IMPOSED OR DEVOLVED UPON THE SECRETARY OF STATE, COUNTY ASSESSORS AND ALL OTHER OFFICERS, AND ADMINISTERING AND CARRYING OUT THE PROVISIONS OF CHAPTER 8, TITLE 50 OF THE REVISED STATUTES OF ARIZONA, 1913 CIVIL CODE, AND AS AMENDED, ETC., ETC., ETC."

and often referred to as the KERBY AUTOMOBILE TAX BILL, and,

"WHEREAS, the proposed initiative measure if enacted into a law would create a new department accountable to no elected executive, with one director holding office for a period of six years at a salary far in excess of that generally paid to State and County officials and with authority to appoint assistants and clerks and to expend the receipts of the office almost without statutory direction or official supervision, and,

"WHEREAS, the citizens of Arizona have, with great financial hardship to themselves and after incurring extensive county indebtedness, financed and constructed automobile highways which are the pride of the State and the subject of favorable comment of motorists throughout the nation, and,

"WHEREAS, the Kerby Automobile Tax Law, if enacted, would have the effect of removing from the tax rolls of the State taxable wealth to the value of not less than eighteen million dollars, fully seven million dollars of which is in the agricultural county of Maricopa, and does not make any provision whatever for providing other sources of revenue in lieu of that to be taken from the school districts, the several irrigation and improvement districts, municipalities, counties and State, and would only have the effect of placing upon the farmer, the home owner, the Merchant, and industries a further unnecessary tax burden, in order that a new department of State with many new jobs might be created;

"NOW, THEREFORE, be it resolved that the STATE TAX COMMISSION, the STATE SUPERVISORS' ASSOCIATION OF ARIZONA and ARIZONA ASSESSORS' ASSOCIATION in annual conference assembled at Nogales, Arizona, do consider the proposed KERBY AUTOMOBILE TAX ACT ill advised and are opposed to its becoming a law, as its enactment would be against the best interests of the State of Arizona."

PASSED at meeting, July 27, 1926.

ATTEST:

C. L. Standage  
Secretary

ATTEST:

M. E. Clark  
Acting Secretary

ATTEST:

C. E. Gentry  
Secretary.

STATE TAX COMMISSION OF ARIZONA

By Frank Luke  
Chairman

STATE SUPERVISORS' ASSOCIATION

By J. P. McBride  
President

ARIZONA ASSESSORS' ASSOCIATION

By A. B. Ming  
President

# Widespread Opposition To Proposed Change in Motor Vehicle Law

Despite the fact that through the activities of some automobile dealers, sufficient signatures have been obtained to initiate the measure drafted by Secretary of State Kerby, creating a Motor Vehicle Department, vigorous opposition to the proposal appears to be developing in many quarters.

The fact that adoption of the measure will result in a loss of nearly \$20,000,000.00 in assessed valuation and the shifting of the burden of taxation from owners of automobiles to other classes of property is the principal objection raised against the measure. The fact that it would also create an entirely new department of state responsible to no elective officers, to do work already being done by the Secretary of State and the County Assessors, adding a new commissioner at a salary of \$4,800.00 a year and any number of deputies, assistants, clerks, stenographers and attaches to the public payroll, while at the same time providing that the salary of the Secretary of State, recently raised to \$5,500.00 per year to compensate him for work connected with the motor vehicle department, would remain unchanged, is another reason why the proposal is not meeting with favor on the part of many people.

## Tax Officials Condemn Scheme

Vigorous denunciation of the Kerby measure has been forthcoming from the State Tax Commission, the State Supervisor's Association, and the Arizona Assessors' Association, which met recently in joint session at Nogales, and after a full discussion of the proposal adopted a resolution, the full text of which is published elsewhere in this issue. The committee on resolutions was composed of W. O. Ruggles, county assessor of Mohave County, Ed M. Claridge, supervisor of Graham county, and Honorable A. A. Johns, president of the Arizona Wool Growers' Association, who was chairman of the committee. Mr. Ruggles is one of the best known assessors of the state, having been repeatedly reelected to that office in Mohave county, and he represented the assessors' association on the committee, a fact overlooked by Secretary of State Kerby in a statement issued by him subsequent to the adop-

tion of the resolution in which he declared that the assessors of the state were not represented on the resolutions committee and that with a few exceptions they favored his measure.

## Means Financial Hardship

In the judgment of these county and state officials, whose business it is to familiarize themselves with the problems affecting taxation, the proposed Kerby law would work great financial hardship on the citizenry of the state, and would remove from the tax rolls wealth of not less than twenty millions of dollars. The fact that it makes no provision for other sources of revenue in place of that to be taken from the tax rolls by removing the automobile from the list of taxable property, and would create a new state department accountable to no elected executive, with a director who would hold office for six years at a high salary, was also held by the tax officials to be outstanding reasons why the measure should be defeated.

## Automobile Revenue Important

A striking illustration of the amount which would be lost by the counties in the event the Kerby measure should be adopted is afforded by a statement recently compiled in the office of the County Assessor of Maricopa county, showing cash collections since 1912, when the office became elective. The statement shows very graphically the extent to which receipts from automobile taxes have increased since the law was amended to require payment of a personal property tax on automobiles before issuance of the license plates. Ten years ago the cash collections of the county assessors' office for the entire year 1916 were slightly over \$11,000.00 while for the first five and a half months of the current year collections totaled \$414,357.13, or at the rate of over \$800,000.00 a year. The collections for the year 1925 amounted to \$384,140.00 as compared with \$9,977.95 ten years previous. The average monthly collections during the seventeen and a half months ending June 15, 1926 were \$43,540.00 as compared with average collections during the seven year period be-

tween 1912 and 1918 inclusive, \$1,701.00 per month. It will therefore be seen that the amount of revenue accruing to the state and to the counties from the taxation of automobiles has become a very important factor in their income, and that they will be seriously embarrassed through its repeal, as proposed by the Kerby Measure.

## Howe Scores Plan

Vigorous denunciation of the Kerby plan has been forthcoming from Charles R. Howe, member of the state tax commission, who declares that its adoption would prove a serious handicap to the state and various counties, and that the revenue derived from automobiles would have to be made up by other property. In an address before the conference of assessors and supervisors at Nogales, Mr. Howe declared that the attempt being made to exempt automobiles from the state tax roll and place automobile taxation in a separate department was contrary to all sound principles of taxation, and would disrupt and unbalance the equitable distribution of the tax burden as between classes of property.

"In Maricopa county alone," Mr. Howe declared, "the valuation of automobiles for taxation purposes is over \$7,000,000.00. It is proportionately large in other counties. The new law if passed would eliminate this taxable wealth from the tax rolls."

Resolutions condemning the measure have also been adopted by the Arizona Good Roads Association, the Maricopa County Farm Taxpayers' Association and various civic bodies throughout the state. Already it is stated, various municipalities are becoming concerned over the prospect of a repeal of the personal property tax on automobiles as proposed by this measure, and there is discussion in Tucson of the advisability of establishing a "municipal auto license or wheel tax" to compensate the city for loss of revenue should the Kerby measure be adopted. If other municipalities follow suit, Arizona might have innumerable annoying local license fees and taxes of one sort and another, designed to make up the certain loss in revenue which will be brought about by adoption of this measure.



### Would Repeal Tax On Trucks

The only appeal of the proposed law is to the selfish interests of the automobile owner and to the operator of commercial vehicles. To the former, advocates of the bill say, "Vote for this measure and you will save \$20.00 a year in taxes on your car." To the latter, "Vote yes and repeal the mill tax." To both, "You are paying too much in taxes, and if you vote for this bill you will be shifting the burden onto the other taxpayers of the state."

This magazine believes that the average automobile owner, and operator, recognizing that other classes of property are already paying their full share and more than their full share toward improvement and maintenance of the highways of the state, and realizing that the automobile owner has a moral responsibility as the principal user of the

roads to bear his full share of the cost of highways, will resent this appeal to his purely selfish interests, and will defeat this measure, which not only will greatly reduce the revenue received by the state, but will create a new department with a wide open appropriation of as much money as some commissioner may feel he would like to spend.

### Heavy Trucks Damage Highways

At a time when other states are seeking to curb the terrific wear and tear occasioned by heavy commercial trucks plying over expensive highways, and are imposing special taxes on such traffic in order to compensate for the destruction of the highways, the proposal sponsored by Secretary of State Kerby will repeal the existing mill tax passed by the seventh state legislature, imposing a tax on automobiles operated for hire carry-

ing passengers and freight, and would relieve them of any taxes save those based on the weight of the machine, which it is recognized would be ridiculously low compared with the present rate of taxes. That rate is entirely inadequate, and if anything should be increased to more adequately compensate for the damage done to the highways by large busses and trucks.

Adoption of the Kerby proposal will mean increased taxes on every other class of property in Arizona, it will mean a loss in revenue to the state estimated at \$125,000.00 annually, and a loss of over \$500,000.00 annually to the counties. In addition, cities and school districts will be obliged to make up large deficits in their revenue. All of this money it is well to remember must in the final analysis come out of the pocket of the property taxpayers.

## Develop Arizona's Vacation Land

With the arrival of the vacation season, thousands of residents of Arizona are now taking prolonged summer outings, seeking rest, recreation and entertainment. Others, whose business requires their presence throughout the year, try to arrange for a brief period of relaxation.

It is doubtful whether there is another state in the union blessed with the alluring wonderland that lies within Arizona, or any other state a greater proportion of whose residents leave its borders in search of vacation pleasures. The result is that hundreds of thousands, if not millions, of dollars are annually taken out of this state and expended elsewhere while the scenic wonders and the matchless resort country of Arizona remain undiscovered and to a large extent unused by our own people.

One reason for this deplorable situation is that Arizonans have never truly appreciated their own state. They spend large sums of money advertising the beauties and wonders of the most colorful region in America, in the hope of attracting tourists, yet when they themselves seek recreation, they pack the trains bound for other states and willingly spend their money in other localities, amid scenes frequently inferior to those they might enjoy within the boundaries of their own state.

There are two reasons why this situation prevails, and why Arizona, although possessing a veritable paradise for the vacationist, finds her own people deserting her for less favored localities.

One is the fact that Arizona as a vacation land has never been "sold" to Arizonans. This fact is responsible for the other reason, the failure of many Arizona localities which surpass in scenic beauty to provide adequate and reasonably priced accommodations for the vacationist.

With the exception of the Grand Canyon, whose world-wide renown years ago brought about the establishment of first-class accommodations for tourists, there are few places in the cool regions of the higher altitudes that are adequately prepared to accommodate the residents of Southern Arizona, if should they be diverted to them. The White Mountains, one of the most entrancingly beautiful regions in America, are, in spite of the money that has been expended upon highways, still enjoyed only by those who are prepared to carry their own camp equipment with them. Year by year they are becoming more and more accessible, but as yet there has been no organized effort to open them to the masses of the people to whom they will some day afford a summer playground unrivalled anywhere in America.

One of the great needs of Arizona today is the creation of additional taxable wealth to assist in meeting the cost of government. If the thousands of vacationists who annually leave this state for California or other parts of the country really appreciated the beauties of Arizona's northern wonderland and could be assured of convenient accommoda-

tions, Arizona would not only keep her own population at home throughout the summer, but would also attract thousands of people from other states, not so favored. As a matter of fact it is stated that most of the campers found in the White Mountains of Arizona during the summer months are not citizens of Arizona at all, but come from our sister state of New Mexico, and from the hot plains of western Texas.

It would appear that there is an opportunity for the investment of capital in developing the summer resort areas of Arizona, a project toward the accomplishment of which some preliminary steps are already being taken. Financing of new hotels at Flagstaff and Prescott is reported under way, and it is to be hoped that other localities will be successful in finding men with faith and money to provide the facilities which the vacationist must have.

With the Grand Canyon, the Petrified Forest, The Painted Desert, the San Francisco Peaks, the many prehistoric cliff dwellings, Lake Mary, Montezuma's Castle, The Natural Bridge and the White Mountains, Arizona has a summer paradise for vacationists that should be a powerful magnet to hold Arizona dollars at home and draw many others into the state. One of Arizona's acute needs is development of her summer resort areas to the same extent as the marvelous winter resort region of southern Arizona has been developed and advertised throughout the nation.

## Michigan to Compel Sinking Funds

In the state of Michigan on July 1, 1926, there became effective a law regulating the establishment of sinking funds by municipalities for the retirement of bonds that do not mature serially. While that portion of the law that pertains to the compulsory levy of sufficient taxes to amortize the non-serial bonds, may not necessarily be an innovation, the penalties provided by the law, as outlined by The Bond Buyer, are unusual and even drastic.

Michigan is probably not the only state that has seen the folly of permitting municipalities to issue bonds payable at some remote date, then waiting patiently and trustingly for the levy of taxes sufficient to fill up the sinking fund. Changing of city administrations, some with more of a sense of responsibility than others, and some with an outright desire to make a name for themselves by refusing to levy taxes suf-

ficient to meet these requirements, have been a thorn in the side of investment bankers who rely upon the good faith of cities to make the proper provisions for the retirement of the bonds that the cities sell.

These difficulties seem well on the way of solution if the Michigan law is enforced up to the hilt. This law provides reasonably lenient refunding provisions applicable to cities that have not kept their sinking funds up to par, providing "a definite program of sinking fund tax levies is at once put into effect which will retire the bonds within the time allowed by law," to quote the same authority. This leniency precludes the necessity of unduly burdensome corrective tax levies, merely spreading the remedial dosage over a longer period. The definiteness of the program and the intent seems to be the crux of the matter, as well it might.

Penalties for non-compliance with this law, to quote the Bond Buyer, are as follows:

"The penalties for non-compliance with the law are unusual and when understood by officials should prove effective. Failure to levy the necessary taxes and to maintain proper sinking funds in the future will not only render the officials personally liable to the municipality and to any bond holder for loss or damage arising from such failure, but the municipality itself will be prohibited from issuing additional bonds until the sinking funds are brought up to date. The latter provision became effective July 1, 1926, and is to be enforced by the requirement that no bonds can be issued after that time until a certificate is obtained from the State Treasurer, to whom periodic reports must be made, that the amount in the sinking funds comply with the requirements of the law."

## Eloquence Commercialized

"It is said that a schooled New Yorker never presents a business proposition until he has invited his prospective "customer" to a few dinners and shows," says the Utah Taxpayer. "He believes in the old adage that a man is more readily reached and persuaded by that process and is more susceptible to being inveigled into the acceptance of a business deal than if the proposition is put to him coldly and bluntly.

"But this fine art of salesmanship does not seem to be confined to New York. There is a great deal of eloquence rampant in Utah and evidently is being exercised in a very profitable manner by those who possess it.

"What, for instance, can be more alluring and complimentary to a little country town than to have attractive blueprints of some proposed public building—a new city hall, a new school building, a new gymnasium or what not, laid before its officials?

"Then, immediately following this visit may come a dapper young man who points out to these same officials how readily the money can be had; at what low interest rates and over how long a period the indebtedness can be spread

so that the burden will be scarcely felt by the taxpayers.

"If the thing is talked over in a quiet, chummy-like way at a luncheon, every suspicion is removed and the picture is so appealing that the proposition becomes well-nigh irresistible.

"These salesmen have a perfect right to come into your community, into your school district, into your county and to use every art and persuasion to sell their wares, but it rests with the county, school and town officials to be just as keen and to see to it that they do not lose sight of their responsibility to their constituents and that nothing is put over on them. The taxpayers have certain limitations beyond which they cannot consistently or legally go. School boards have no right, in the interest of good government, to lend ear to any plan or project that is beyond the ability of the taxpayers to accept or bear. Public officials are expected to protect the taxpayers and no inducement whether direct or indirect should dissuade them from the straight and narrow path of keeping within proper bounds.

"It is the business of architects to design buildings and to sell their services.

It is the business of bonding houses to get their money out. That is entirely legitimate. But in no instance should a public official permit his influence to go in the direction of extravagance or unjustifiable expenditures.

"The thought of a new building has a tremendous appeal. It requires constant cool-headedness on the part of public officials to resist the extremely inviting temptation to spend more money and heap new burdens upon the backs of the taxpayers. When any plan is presented for acceptance it should receive careful thought from the officials. The organized taxpayers should be consulted and the fact should be made known that such a building program is under contemplation. That will give the taxpayers an opportunity to be heard with the result that the real merits of the proposition will be discovered.

"In short, it is the publicity of any proposed expenditure to the taxpayers that will serve as a constant safe-guard, since the taxpayers can generally be depended upon to distinguish eloquence from substance.



## Mohave Editor Condemns Proposed Highway Bill

Under the heading "Vote No on Bond Issue" the editor of the Mohave County Miner has the following to say concerning the proposal sponsored by the state highway department to be submitted to the people at the general election:

"The time for the people to look well to any measures\*\*\*\*\*is now. One of the measures that is to be put before the people at the forthcoming election is the proposal to finance the state highway department by bond issues amounting to a total of ten millions of dollars, pledging the increment of taxes that heretofore have gone to the state and county highway department for the redemption of these bonds. The constitutional

amendment is a separate measure, with the assumption that if the bond issue fails to carry it would be put forward to allow of another proposition founded on or predicated on possibilities of anticipation bonds not unlike the anticipation bonds that the state has put over the past several years. Both measures should be discarded by the voters of the state. They take from the counties one-half the gas tax and make road upkeep or the building of new roads in the county impossible. The proposal to hand over to the counties 125 per cent of the amount of taxes they receive under the present law is a blind, because none of this money

goes to the county, but is budgeted by the state as the state engineer sees fit, and if it is to be spent in a county the board of supervisors have to sign on the dotted line, and the state does the rest, the county really having nothing to do but submit to the dictation of the state. If the supervisors do not care to submit to this dictation no money is spent in the county except on upkeep. The whole measure is another way to take away from the counties their independence in road work. \*\*\*\*\* It is due for the licking it deserves at the polls. It does not make for road betterment, but political machine betterment."

## IT CAN BE DONE

In spite of the many disappointments sustained by the taxpayers, who are constantly being promised lower taxes by aspirants for public office, and repeatedly being confronted with larger budgets and consequently higher tax rates, there are occasionally outstanding illustrations of the fact that state, county and city budgets can be reduced, and the taxpayer given the benefit of such reduction.

In one of the cities of this state the members of the city council last year reduced the budget for municipal expenditures to what they considered an irreducible minimum. Yet, by careful scrutiny and the application of business methods to the administration of the various departments of the municipality, it has been announced that a saving of more than \$4,000.00 has been made in the operating cost for the next fiscal year. At least half of this amount it is stated has been saved through the economical administration of the various departments without any decrease in efficiency, and the balance of the amount saved was made available through the retirement of bonds.

In this connection it is apparent that similar savings can be accomplished by the state and the various counties, as well as by municipalities, nor is it too early for the taxpayer to take the necessary steps looking toward a reduction in

state and county expenditures in 1927. On every hand he is being importuned at the present moment to give his support at the polls to aspirants for state and county offices, and to prospective members of the legislature who will have a great deal to say in the determination of the cost of government in both state and county for the next two years.

### "Lower Taxes" Popular Tune

All of these applicants for public office will of course pledge economy, but many of them will promise to reduce taxes because they know that is something the people like to hear, and because that is the popular thing for candidate for office to do. It is a tune all like to hear, and few and far between are the candidates who do not sing it in a pleasing manner.

But no matter how convincingly or how vigorously the candidate may assert his economical intentions, it is up to the taxpayer to weigh carefully each and every candidate in the balance and for each taxpayer to determine for himself whether or not this or that aspirant for public office may be reasonably expected to hold down public expenditures to the minimum without impairment of efficiency. If a candidate has previously held office and is seeking reelection, the taxpayer has before him the candidate's record. It is not likely that any person seeking reelection can be expected to

execute a complete change in policy, but rather that he will continue the administration of his office and of public business along the lines which have governed him in the past.

### A Simple Test

If the candidate is one who has not previously sought public office, the task before the taxpayer is more difficult. But if that candidate is a resident of the state, county or district, his past record as a business man is known, and the taxpayer should be able to determine for himself whether the candidate is honest, responsible and reliable, whether he has made a success of his own business, or if an employee, whether he has been diligent in serving his employer. The taxpayer can ask himself whether the man in seeking his support is one to whom he would entrust his own private business affairs, and whether he believes that the candidate is a person to whom they could be entrusted safely and successfully.

If these simple tests are carefully applied by the taxpayers of this state to those who are seeking public office, it is safe to predict that the example of the federal government in reducing operating costs can be followed next year and in the years to come by substantial reductions in state, county and municipal budgets, and that the taxpayer will find himself the beneficiary.

ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription August 1926 50 cents

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Questions & Answers

Q. Was it the intent of the Legislature in passing the law giving communities the right to form Irrigating Districts that all lands in such Districts whether susceptible of irrigation or not should be taxed to pay for location of dam sites and reservoir sites even to the bed of the river which changed its channel during the great flood and possessed itself of land that was previously farmed?

A. Under the present law with reference to irrigation districts, it was not the intent of the Legislature that lands not susceptible to irrigation should be included in such districts to be taxed not only for the location of dam sites and reservoirs or for other expenses of the district or for the payment of bonds and interest, but the law provides that when the hearing is had before the Board of Supervisors for the formation of such districts, the Board shall exclude such lands at the request of the owner. In the event the owner has not made such request and the lands are included within the irrigation district, we know of no provision of law whereby they can then be withdrawn.

Arizona's Contribution to Schools in the Current Fiscal Year

According to figures compiled by the state superintendent of public instruction, the taxpayers of the state of Arizona will be called upon to contribute \$1,518,925.00 in taxes for the state school fund during the year ending June 30, 1927. This amount is arrived at by multiplying the average daily attendance for the school year of 1925-26 which was 60,757, by \$25, which is the per capita state tax levy. After deducting from this sum the appropriation of \$107,200.00 made for the state department of education and adding estimated income from other sources of \$225,500.00, the state superintendent of public in-

struction estimates the total amount to be apportioned to the counties at \$1,637,225.00 for the school year of 1926-1927. This is equivalent to \$26.95 per pupil.

The revenue from other sources consists of money derived from interest on deferred payments on sales of school lands, interest from school funds loaned, income from school lands in National Forests, and miscellaneous revenue.

The estimated amount to be apportioned to each county, together with the average number of pupils in daily attendance in each county during the last school year, follows:

Estimated Amount to be Apportioned to Counties from State School Fund for the Year Ending June 30, 1927

APACHE .....	1,592.	\$ 42,899.79
COCHISE .....	8,605.	231,879.09
COCONINO .....	1,454.	39,181.09
GILA .....	5,672.	152,843.95
GRAHAM .....	1,955.	52,681.58
GREENLEE .....	2,035.	54,837.35
MARICOPA .....	19,058.	513,557.83
MOHAVE .....	711.	19,159.39
NAVAJO .....	2,136.	57,559.01
PIMA .....	6,699.	180,518.63
PINAL .....	2,545.	68,580.37
SANTA CRUZ .....	1,594.	42,953.68
YAVAPAI .....	4,181.	112,665.83
YUMA .....	2,520.	67,906.70

\$1,637,225.00



# What a Farm Owner Must Pay in Taxes Upon a \$5,000.00 Farm In The Various Counties of Arizona

There is presented herewith a statement showing the 1925 tax rate per each \$100.00 of assessed valuation in each of the counties of Arizona, and the amount of taxes required to be paid by property owners of the various counties on a farm whose valuation for assessment purposes is fixed at \$5,000.00. This table does not include school district taxes or special taxes, such as those imposed for power, irrigation or drainage districts, or other special purposes.

Although designed to show the amount which must be paid in taxes by owners of farm property in the various counties, the table is equally applicable to any property assessed at \$5,000.00 and located outside of the corporate limits of a city or town.

It will be noted that from the standpoint of taxation it is more advantageous generally speaking to own a farm in one

of the so-called mining counties, than in the agricultural counties. In Cochise county the owner of a \$5,000.00 farm was called upon last year to pay to the state and county only \$66.50, while Apache county, which is largely an agricultural and stock-raising county, the taxes on a \$5,000.00 farm were more than double what they would have been in Cochise county, or \$142.75.

From this table it develops that if the farms were equally distributed among the various counties that the average amount of taxes on a \$5,000.00 farm in Arizona amounted to \$107.03 in 1925. However, it will be observed that the counties in which the taxes were more than this average are all of them with one exception agricultural counties or counties usually rated as such, while those counties in which the taxes fell be-

low the average of \$107.03 can boast of large producing mines in each instance, with one exception, Coconino County, where the lumber industry and extensive railroad mileage have operated to maintain the assessed valuation at a point conducive to a rate comparatively lower than the other counties in northern Arizona.

The higher rates prevailing in the agricultural counties may be ascribed in some instances to larger population, the fact that the population is more widely distributed, and to bond issues which in the past have been voted with alacrity, if not enthusiasm, without a great deal of consideration as to how or when the obligations thus incurred will be paid. The tax burden which has thus been placed upon some of the counties is strikingly set forth in the table subjoined.

## TAXES ON A \$5,000.00 FARM

County	State Rate	County Rate	Total State and County Rate	Total amount of State and County Taxes on \$5,000.00 Assessed Val- uation
Cochise .....	\$.78	\$.55	\$1.33	\$ 66.50
Yavapai .....	.78	.756	1.536	76.80
Gila .....	.78	.7942	1.5742	78.71
Pinal .....	.78	1.035	1.815	90.75
Coconino .....	.78	1.0605	1.8405	92.02
Greenlee .....	.78	1.18	1.96	98.00
Pima .....	.78	1.22	2.00	100.00
Maricopa .....	.78	1.44	2.22	111.00
Santa Cruz .....	.78	1.652	2.432	121.60
Graham .....	.78	1.74	2.52	126.00
Yuma .....	.78	1.74	2.52	126.00
Navajo .....	.78	1.793	2.573	128.65
Mohave .....	.78	2.015	2.795	139.75
Apache .....	.78	2.075	2.855	142.75

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME THIRTEEN

PHOENIX, ARIZONA, SEPTEMBER 1926

NUMBER NINE

## THE BURDEN IS ALREADY TOO HEAVY

Everyone will concede that one of the most important factors affecting the prosperity of Arizona is that of the tax burden. As shown elsewhere in this issue, the cost of state government has increased during the past ten years 124%, while the valuation of taxable property within the state has increased less than 35%. The estimated increase in population is approximately 50%.

The taxpayers of Arizona are being called upon to contribute two and a half million dollars more this year for the cost of the state government alone than they did ten years ago. Add the increase in county, municipal and school district taxes and the total additional burden becomes stupendous.

Yet in the face of this alarming situation the people of this state are being urged to approve an initiated measure which would result in virtually eliminating an item of \$20,000,000.00 from the assessed valuation of the state by granting what would amount in effect to exemption from taxation to automobiles.

The total valuation of motor vehicles within the state of Arizona for the current year as fixed by the State Board of Equalization is \$19,178,888.00. This is 2.94% of the total assessed valuation of the state.

ADOPTION OF THE SO-CALLED KERBY AUTOMOBILE TAX LAW WOULD MEAN THAT OVER \$130,000.00 IN STATE TAXES WOULD HAVE TO BE PAID BY OTHER PROPERTY, AND TAKING INTO CONSIDERATION COUNTY, CITY AND SCHOOL DISTRICT TAXES, THE DEFICIT CREATED WOULD BE MORE THAN HALF A MILLION DOLLARS.

With the third highest tax rate in her history and the fourth largest budget since she became a state, Arizona cannot afford at this time to dispense with \$20,000,000.00 of assessed valuation.

LOOK AT YOUR TAX NOTICES FOR 1926, AND VOTE NO ON NO. 307 NOVEMBER 2ND.



# State Valuation Shows Increase

## Salaries in Three Counties Affected by New Classifications Due to Change in County Valuations

For the first time since 1920, the valuation of taxable property within the state of Arizona shows an increase as compared with the assessed valuation of the preceding year. Not since earnings of the mining industry, computed at war prices, sent the valuation of the state's taxable wealth soaring to the record peak of eight hundred and eighty-four millions, just before the post-war slump, has the state's valuation shown a gain. In 1921 the valuation fell off fifty-four millions, in 1922 a decrease of ninety-eight million more was recorded, while in 1923 there was a further shrinkage of approximately thirty-five millions. In 1924 this had diminished by about forty-eight millions more, and in 1925 the valuation was nine millions below 1924, making a total loss in valuation of approximately 244,000,000.00 since 1920.

Increase of over twelve million dollars in the assessed valuation for 1926 as compared with 1925 marks the first movement back on the up-grade after the long decline, and may be taken to indicate that the major industries of the state are passing the corner and once more beginning the long task of retaking the ground lost during the years of depression. Whether such is actually the case may not be determined, however, by only one year's assessment. If 1927 and 1928 continue to show increased valuations, then it may be assumed that the taxable wealth of the state reached the bottom of the trough in 1925, and that it is headed once more toward a crest, or at least a point of stabilization above the low point.

### Arizona On The Up Grade

If, as the increased valuation would indicate, conditions in Arizona are again on the up-grade, it becomes imperative that everything possible should be done to foster and encourage the continuation of progress in that direction. Certainly it is no time for reckless spending, for extravagant appropriations, or for any relaxation of efforts toward strict economy. If taxable wealth in this state is to continue to increase, every effort must be put forward to encourage its development. New capital must be invited into the state and one of the most effective ways to attract it is through the lowering of taxes, and increased efficiency in the administration of the various func-

tions of the government, state, county and local.

In spite of the increase in valuation for the state as a whole, half the counties of the state show decreases in assessed valuation for 1926 as compared with 1925, leaving it to seven counties to provide the net increase of \$12,267,542.00.

The counties whose assessed valuations show decreases are Apache, Coconino, Gila, Graham, Navajo, Santa Cruz and Yavapai. Cochise, Greenlee, Maricopa, Mohave, Pima, Pinal and Yuma all show increases sufficient to offset the shrinkage in valuation in the other seven counties and to add to the state the \$12,000,000.00 increase above referred to.

### County Salaries Affected

The changes in assessed valuation will affect the salaries in three counties by reason of the fact that county salaries are automatically determined by the assessed valuation of the county. Under the new valuations, Graham and Santa Cruz counties both find their total assessed valuation sinking below \$12,000,000.00 and the salaries of their county officers will therefore be reduced. Mohave county, which last year was a county of the third class, finds its assessed valuation increased to over the

\$15,000,000.00 mark, and consequently becomes a county of the second class. Salaries of county officers in that county will therefore be increased.

### The Taxpayer's Task

Now that Arizona appears to be once more on the up-grade in so far as taxable wealth is concerned, let us resolve to speed the day of her return to the more prosperous condition which obtained six years ago, and to assist our state in regaining as much as possible of the ground lost. With the assessed valuation that is still \$232,000,000.00 below what it was in 1920, with ever increasing demands for new expenditures and increased appropriations for this or that activity, with a proposal that one important class of property, automobiles, be granted exemption from taxation, is it not time to go slow, to weigh carefully every proposed item of public expenditure, every plausible bond issue that comes along, and to examine with the greatest care the caliber and responsibility of those who will meet as members of the Eighth State Legislature next January to fix the appropriations for the ensuing two years?

The final valuations by counties follow:

### FINAL VALUATIONS OF ALL PROPERTY FOR TAXATION PURPOSES, 1925 & 1926

As fixed by State Board of Equalization. By Counties.

County	Final Valuations.	
	1925	1926
Apache .....	8,904,063.00	8,739,092.00
Cochise .....	108,146,537.00	108,563,443.00
Cocconino .....	20,262,659.00	20,089,113.00
Gila .....	83,654,866.00	82,801,627.00
Graham .....	12,091,714.00	11,993,206.00
Greenlee .....	21,682,358.00	23,146,182.00
Maricopa .....	117,522,692.00	119,953,042.00
Mohave .....	14,518,452.00	15,169,636.00
Navajo .....	11,188,394.00	10,828,373.00
Pima .....	66,803,833.00	69,185,572.00
Pinal .....	47,700,829.00	54,226,642.00
Santa Cruz .....	12,012,747.00	11,953,504.00
Yavapai .....	93,699,894.00	93,394,465.00
Yuma .....	22,706,817.00	23,119,500.00
	<b>\$640,895,855.00</b>	<b>\$653,163,397.00</b>

# How Far Shall Generosity Go?

Do the people of Arizona want to exempt automobiles from taxation, and make up the loss in taxes thereby incurred by placing an additional burden on all other classes of property?

That, in effect, is the question which will be submitted to the voters of the state on November 2, in the measure creating another state department to collect a nominal fee based on the weight of automobiles.

Do the people of Arizona want to make up by means of additional taxes on their farms, their homes, their livestock, and their industries, half a million dollars that will be taken out of the public revenue if this measure carries?

Do the people of Maricopa county, for example, wish to let the auto owner go virtually scot-free of his share of the cost of government, including the expense of building and maintaining of the roads he uses, and are they willing to contribute over \$100,000.00 in taxes to make up for his share?

Do the people of the city of Phoenix, for instance, wish to make the owners who use the city streets a present of over \$52,000.00 and tax themselves to pay for the gift?

Do the people of the other counties and cities in the state wish to be proportionately generous to the owners of automobiles and trucks by virtually exempting them from taxation? Are they ready to dig down in their own pockets as taxpayers on ranches and farms, on homes

and stores, on horses, cattle and sheep and make up the deficit?

Finally do the parents of school children want to see each school district suffer a material shrinkage in assessed valuation, and make up by paying higher taxes than they are now paying on property other than automobiles, the saving that will be enjoyed by the auto owner and truck operator?

In state taxes alone, based on the rate and valuation for the current year the loss will amount to approximately \$134,000.00.

Maricopa county will lose over \$100,000.00.

The city of Phoenix will lose about \$52,000.00.

The school district in which Phoenix is located will lose nearly \$50,000.00. It might meet the emergency by dismissing 24 teachers and closing three or four schools. The city might dismiss half of its policemen or half its firemen and the county might eliminate all appropriation for the sheriff's office and the county recorder's office. **EVERY OTHER COMMUNITY IN THE STATE FACES A PROPORTIONATE LOSS IN REVENUE.**

It is inconceivable, of course, that such important activities would be suspended. On every hand vigorous protests would be heard against even a suggestion that they be dispensed with.

But they will either have to be discontinued or the money to maintain them

will have to be raised by taxes on other property than motor vehicles. For the taxes from automobiles just about pay for these activities at the present time. If the so-called Kerby measure is adopted, this revenue will be abolished.

## CAN WE AFFORD TO BE SO GENEROUS?

In addition to depriving the state, the counties, the cities and towns of the taxes on property valued in the aggregate at approximately \$20,000,000.00 the proposed measure creates a brand new state department in addition to all those now in existence, to administer the new law and collect nominal fees from automobile owners. This work has heretofore been done by the Secretary of State, whose salary under the measure sponsored by Mr. Kerby, is to remain unchanged at \$5,500.00 a year.

With the state valuation just beginning to climb back up the hill, after having slumped over \$240,000,000.00 in the past six years, with state, county, municipal and school district expense constantly mounting, it is hard to believe that the people of Arizona will allow themselves to be duped into voting for a measure which will result only in releasing one class of property from its just share of the cost of the government, and saddling a larger burden on every other class of property in the state.

**VOTE NO ON** Number 307, November 2nd!

# Would Curb Heavy Trucks

Alarmed at the constantly growing menace to the improved highways of California by the increasing number of heavy trucks and trailers, State Highway Engineer Robert M. Morton is planning on lodging a protest with the State Railroad Commission against issuing additional franchises for freight hauling.

"Many applications are on file with the railroad commission," said Morton, "for franchises to haul by truck parallel to existing railroad facilities. Any convenience or necessity that may exist for the granting of these franchises is far overbalanced by the rapid depreciation of the public's investment in pavements."

"No highway, however well built, can withstand for very long the wear and tear occasioned by continual heavy loads. The loss to the public lies in the vastly increased maintenance expense where truck lines are permitted to operate, and in the danger and inconvenience to the other 99 per cent of the highway traffic."



# THEN AND NOW

## Comparing the Costs of the State Ten Years Ago With the Present

During the next ten months the taxpayers of Arizona will be called upon to pay into the state treasury to meet the expenditures of state departments and institutions, \$4,376,064.46. This is nearly two and one-half million dollars more than was required to meet the cost of operating the state government ten years ago, or to be exact, an increase of \$2,430,438.46 over the amount raised by taxation for state purposes for the fiscal year ending June 30, 1917.

Inasmuch as neither the population nor the resources of the state have shown an increase of 124 per cent during the last ten years, it would appear that some comparison of the items of necessary expenditure ten years ago and the amounts which the taxpayer is being called upon to provide during the current fiscal year would be profitable, and incidentally would tend to show where this large increase is being expended.

There is therefore published herewith in parallel columns, the budget of ten years ago and the budget for the current fiscal year, from which the taxpayer can see for himself the increases that have taken place in the budgets of the various departments, and can judge for himself whether or not such increased expenditures have been justified.

It will be noted that an increase of over a million dollars has taken place in the amount of the state school fund during the ten-year period, and that the University of Arizona is to receive during the current fiscal year more than \$400,000.00 than was required ten years ago. During the last fiscal year the budget requirements of the university were nearly twice what they are for the current year, owing largely to appropriations for additional buildings and improvements.

Even a casual comparison of the budgets of the fiscal years ending June 30, 1917 and June 30, 1927 will show that in only a very few instances, have there been any decreases in the appropriation. In every other instance the amount of the appropriation has been increased, frequently doubled, trebled or quadrupled.

From this comparative statement it must be apparent even to those whose interest in the problem of rising costs of government is negligible, that the tax burden in Arizona is increasing far more

rapidly than the creation of taxable wealth, or population. A startling number of new items of appropriation will be found to have added themselves to the list which makes up the budget during the decade. The taxpayer may well ask himself whether or not each and every

one of these new activities is necessary, and whether the amount of public money turned over to it to expend appears in the light of economy to be a justifiable expenditure.

The comparative statement follows:

## State Budget Ten Years Ago and Now

	Year Ending June 30, 1917.	Year Ending June 30, 1927.
<b>EDUCATIONAL GROUP</b>		
Common Schools .....	\$ 500,000.00	\$1,529,000.00
Vocational Education .....	45,000.00	81,100.00
University of Arizona .....	276,581.00	690,365.40
County Scholarships .....		7,000.00
Tempe Teachers College .....	100,000.00	151,385.00
Northern Arizona Teachers' College ..	60,071.00	143,765.00
Historian .....	5,350.00	6,200.00
Pioneer's Historical Society .....	1,250.00	1,440.00
	<hr/>	<hr/>
	\$ 988,252.00	\$2,610,255.40
<b>PUBLIC WORKS GROUP</b>		
Roads and Bridges .....	\$ 318,500.00	\$ 653,163.40
Capitol Bldg. & Grounds .....	20,000.00	34,910.00
Water Department .....		56,900.00
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	\$ 338,500.00	\$ 744,973.40
<b>AGRICULTURAL GROUP</b>		
Agriculture & Horticulture .....	\$ 14,000.00	\$ 100,000.00
Live Stock Sanitary Board .....	10,450.00	69,000.00
Sheep Sanitary Commission .....	4,500.00	9,100.00
Veterinarian .....	3,300.00	3,300.00
Eradication Tubercular Cattle .....		40,000.00
Land Department .....	50,000.00	64,520.00
Dairy Commission .....		9,045.00
Rodent & Predatory Animal Control ..		30,000.00
Northern Arizona Fair .....	2,500.00	
State Fair .....	23,000.00	73,350.00
Game Warden .....	4,000.00	2,900.00
Scabies Emergency .....		25,000.00
	<hr/>	<hr/>
	\$ 111,750.00	\$ 426,215.00
<b>HEALTH, CHARITABLE &amp; PENAL GROUP</b>		
Asylum for Insane .....	\$ 95,000.00	\$ 151,820.00
Pioneers' Home .....	16,000.00	56,160.00
Industrial School .....	25,500.00	60,110.00

	Year Ending June 30, 1917.	Year Ending June 30, 1927.
<b>HEALTH, CHARITABLE &amp; PENAL GROUP</b>		
Prison .....	85,000.00	144,610.00
Pardons and Paroles .....	1,000.00	750.00
Public Health .....	5,800.00	21,855.00
Laboratory .....	4,500.00	5,550.00
Dental .....	300.00	1,500.00
Free Employment .....		2,500.00
Child Welfare .....		30,000.00
	<hr/>	<hr/>
	\$ 233,100.00	\$ 474,855.00
<b>ADMINISTRATIVE GROUP</b>		
Auditor and Banking .....	\$ 16,400.00	\$ 40,481.00
Board of Directors .....	8,500.00	13,075.00
Governor .....	17,150.00	35,483.00
Tax Commission .....	19,400.00	23,400.00
State Treasurer .....	5,750.00	19,050.00
Mine Inspector .....	13,800.00	18,375.00
Secretary of State .....	19,800.00	46,200.00
State Examiner .....	5,600.00	18,300.00
Corporation Commission .....	39,532.00	87,240.00
Weights and Measures .....	4,700.00	5,000.00
Premium on Bonds .....	550.00	600.00
Printing Reports .....	3,000.00	
Loan Commission .....	100.00	1,000.00
Special Examiners .....	500.00	
Industrial Commission .....		150,000.00
	<hr/>	<hr/>
	\$ 154,782.00	\$ 458,204.00
<b>LEGAL GROUP</b>		
Attorney General .....	\$ 19,900.00	\$ 27,500.00
Bar Examiners .....	450.00	600.00
Court Commissioners .....	100.00	100.00
Law Library .....	2,400.00	12,990.00
Superior Court .....	25,750.00	36,300.00
Supreme Court .....	22,140.00	27,600.00
Legislature .....	50,000.00	
	<hr/>	<hr/>
	\$ 120,740.00	\$ 105,090.00
<b>MILITARY &amp; LAND SETTLEMENT FOR SOLDIERS GROUP</b>		
National Guard .....	\$ 36,500.00	\$ 32,915.00
Land Settlement for Soldiers .....		5,000.00
	<hr/>	<hr/>
	\$ 36,500.00	\$ 37,915.00
<b>INTEREST, REDEMPTION, RELIEF AND MISCELLANEOUS GROUP</b>		
Interest on state debt .....	\$ 43,070.00	\$54,863.76
Interest on warrants .....	1,500.00	28,122.37
Redemption of bonds .....	6,500.00	29,198.88
Relief Bills .....		1,614.00
	<hr/>	<hr/>
	\$ 51,070.00	\$ 113,799.01
<b>GRAND TOTAL</b> .....	<b>\$2,034,694.00</b>	<b>\$4,971,306.81</b>
<b>Add Deficit</b> .....	<b>121,715.00</b>	<b>114,257.65</b>
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	<b>\$2,156,409.00</b>	<b>\$5,085,564.46</b>
<b>Deduct other Income</b> .....	<b>\$ 210,783.00</b>	<b>\$ 709,500.00</b>
<b>TOTAL AMOUNT RAISED BY TAXES</b> .....	<b>\$1,945,626.00</b>	<b>\$4,376,064.46</b>
<b>Rate</b> .....	<b>.40</b>	<b>.67</b>
<b>ASSESSED VALUATIONS</b> .....	<b>\$486,406,518.00</b>	<b>\$653,163,397.00</b>

## The Proposed "Highway Finance Bill"

Proponents of a large state bond issue for highway purposes will make every effort to have the next legislature call a special election for the purpose of amending the constitution, thus giving force and effect to provisions for a ten million dollar bond issue contained in the Highway Finance Measure, if the latter is approved by the voters at the general election November 2nd.

That such is the case and that a determined campaign to raise the limitation on the bonded indebtedness of the state will be waged at the next session of the legislature is indicated by the following assertion contained in the argument in favor of the proposed "Highway Finance Bill" prepared by the Arizona Good Roads Association and published in the official publicity pamphlet now being mailed by the Secretary of State to all the voters of the state:

"WHILE THIS BILL DOES NOT ITSELF PROVIDE FOR A BOND ISSUE BASED ON ANTICIPATED RECEIPTS, IT DOES, HOWEVER, SET THE MACHINERY SHOULD THE STATE LEGISLATURE, AT A SESSION AFTER ITS ENACTMENT, SEE FIT TO CALL A SPECIAL ELECTION FOR THAT PURPOSE."

Therein lies the dangerous joker in a measure whose bond issue provisions under existing circumstances would be, as explained in detail elsewhere in this issue, entirely without force and effect. Failure of proponents of the scheme to secure a sufficient number of signatures to the twin proposal which would have amended the constitution and legalized the issuance of ten million dollars in state bonds, left the bond issue provisions of the bill invalid and ineffective. If adopted November 2nd, the measure will not in itself increase the bonded indebtedness of the state one cent. But its bond issue provisions can be made effective AT ANY TIME IN THE FUTURE by the simple expedient of persuading the legislature to call a special election for the purpose of submitting a proposed constitutional amendment to the people.

"Let the people vote on it!" is a slogan that carries a strong appeal to members of the legislature, and few and far between have been the senators and representatives who have had the temerity to oppose the suggestion that any given



proposal be submitted to the people. As a result Arizona has had its full share of expensive special elections for the purpose of submitting to the people questions which they themselves were not sufficiently concerned in to initiate.

Whether the people of the state desire to add to the burden of bonded indebtedness which—in some counties at least—is becoming almost unbearable, an additional obligation aggregating SEVENTEEN AND A HALF MILLION DOLLARS remains to be seen. They will be in a fair way to assuming it if they permit themselves to be induced into approving the proposed "Highway Finance Bill" on November 2nd, even though it be argued, and is true, that that measure in itself will not add to the bonded indebtedness of the state. But it contains within it the entire machinery for adding a state bond issue of ten million dollars, which with interest at five per cent for a term of fifteen years aggregates seventeen and a half millions in obligations to retire which "the full faith and credit of the State of Arizona" is to be pledged.

ALL THAT WILL BE NEEDED TO TIE THIS SEVENTEEN MILLION

DOLLAR MILLSTONE AROUND THE NECK OF THE TAXPAYER WILL BE THE PASSAGE OF A BRIEF CONSTITUTIONAL AMENDMENT, AT ANY SUBSEQUENT DATE THAT A LEGISLATURE MAY SEE FIT TO SUBMIT IT TO THE PEOPLE.

As shown in another column, the "necessity" for passage of this measure at the general election to save the ten cent road levy, the gasoline tax and the motor bus and truck tax is entirely unfounded, as none of these measures will cease to function until May, 1927, TWO MONTHS AFTER THE NEXT SESSION OF THE LEGISLATURE. The argument that the bill should be approved in order to continue these laws in effect, therefore, becomes without effect.

Although there are features of the bill which have merit, and many persons have been led to endorse the measure through the belief that it is necessary to continue in effect the taxes above mentioned, it would appear that THE REAL REASON BACK OF THE HIGHWAY FINANCE MEASURE IS TO PUT OVER A BIG STATE BOND ISSUE, WHICH WILL BE A LIEN AGAINST ALL OF THE TAXABLE PROPERTY OF THE STATE.

## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription September 1926 50 cents

### OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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# Automobile Tax Proposal Draws Fire

## Many State Papers Attack Kerby Proposal for New State Department And Exemption of Automobiles From Taxation

That the people of Arizona are rapidly awakening to the menace of the Kerby automobile tax bill is indicated by comments appearing in the press of the state relative to the proposal to create a new state department with blanket authority to spend "as much as may be necessary" while at the same time lopping twenty millions in taxable wealth off the assessment rolls. From various parts of the state come reports indicating that proponents of the Kerby measure are having a difficult time convincing the people that they should exempt one class of property from taxation at the expense of all other classes.

Indicative of the reaction of the people to the proposals are the following editorial comments:

The Tombstone Epitaph states in part as follows:

"The most vicious part of the whole measure is that automobiles valued at millions of dollars are exempted from

all school taxes, road taxes, taxes necessary to take care of our bonded indebtedness. This source of taxable wealth is to be wiped out forever in lieu of all taxes Mr. Automobile Owner is to pay an insignificant license fee, based on the weight of the car, the fixed fee, regardless of the county or state tax rate for that year to be paid direct to a new automobile department to be operated at an expense of not less than \$50,000.00 per year.

"Since statehood this is the most vicious initiative measure that has ever been proposed. It is class legislation. It is a sop to the auto owners of the state in exchange for their votes. It is a 'vote catcher!'"

Under the heading "A Lovely Scheme" the Mesa Journal Tribune says:

"Arizonans will do well to scrutinize with care the initiated measure fathered by Secretary of State James H. Kerby, the object of which is to create an entirely new department for the registration and licensing of motor vehicles. To say nothing of the fact that if adopted it will saddle an additional expense upon a

state already overburdened almost beyond the limit of endurance, there are many features of this bill which brand it as a cunning scheme on the originator to perpetuate himself in office . . . . It is hardly thinkable that the democratic voters of Arizona, after they have had time to digest the provisions of Kerby's motor vehicle department bill will renominate its author. It is less likely that the people of the state will approve a measure which might better be entitled 'An act to give Jim Kerby a job at \$400.00 a month for six years.'

Calling upon the taxpayers to arouse themselves and oppose this "iniquitous and vicious proposition" the Graham Guardian, after outlining provisions of the measure, says:

"How do you like it? Taxpayers, wake up. Go to the polls and repudiate the man, whoever he may be, who thinks we are a lot of simpletons. If you really meant it when you say you want to help reduce the cost of state government when and where possible, the opportunity now presents itself."

# DISTRIBUTION OF THE TAX BURDEN

The final valuations of all property within the State of Arizona as fixed by the State Board of Equalization for taxation purposes show a total of \$653,163,397.00, or an increase of about twelve and a half million dollars from last year.

A summary of the final valuations by classifications, showing the distribution of the tax burden for the current year is published herewith. It will be noted that, as in the past, mining remains the principal industry of the state, and that the mining industry bears forty-two and a half per cent of the tax burden of the state. Railroads are the next largest taxpaying group with approximately sixteen per cent of the tax burden of the state placed upon them. Lands and improvements on lands bears thirteen and seven-hundredths per cent of the tax burden, while city and town lots and improvements thereon contribute a trifle over fourteen per cent. The table of final valuations follows:

## SUMMARY OF FINAL VALUATIONS BY GENERAL CLASSIFICATIONS 1926

As Fixed by State Board of Equalization.

Description of Property	Valuation Subject to Taxation	Percent of Total State Valuation.
Lands .....	\$ 75,822,080.00	11.61%
Improvements on Lands .....	9,511,862.00	1.46%
City and Town Lots .....	38,921,902.00	5.96%
Improvements on city & town lots .....	54,992,131.00	8.42%
Productive patented & unpatented / mines .....	207,305,148.00	31.74%
Non-productive patented and un- patented mines .....	7,936,629.00	1.22%
Smelter, concentrators and all other mining property .....	62,563,707.00	9.58%
Banks .....	9,934,747.00	1.52%
Merchandise .....	21,236,229.00	3.25%
Motor Vehicles .....	19,178,888.00	2.94%
Telephone & Telegraph .....	5,108,298.00	.78%
Railroads .....	103,150,785.00	15.79%
Water works, street railways, and electric light plants .....	9,966,036.00	1.52%
Live Stock .....	16,072,577.00	2.46%
All other property .....	15,804,565.00	2.41%
TOTALS .....	\$657,505,584.00	100.66%
Less real estate and personal prop- erty of banks doubly included above ..	4,342,187.00	.66%
	\$653,163,397.00	100. %
RECAPITULATION		
Lands and Improvements .....	\$ 85,333,942.00	13.07%
City Lots and Improvements .....	93,914,033.00	14.38%
All Mining Property .....	277,805,484.00	42.54%
Railroads .....	103,150,785.00	15.79%
Public Utilities including Telephone and Telegraph .....	15,074,334.00	2.30%
Live Stock .....	16,072,577.00	2.46%
All other property .....	66,154,429.00	10.12%
TOTAL .....	\$657,505,584.00	100.66%
Less Real Estate and Personal Prop- erty of Banks doubly included in above	4,342,187.00	.66%
TOTAL .....	\$653,163,397.00	100.00%

# Questions and Answers

**Q.** In the publicity pamphlet the Arizona Good Roads Association states in its argument in favor of the highway finance bill that the present bill under which the ten-cent levy, the three-cent gasoline tax and the motor bus and truck tax are collected, ceases to function about the 15th of next December. Will you please explain why it will cease to function on this date?

**A.** The law authorizing the above taxes will not cease to function by the 15th of next December but will be in effect until May, 1927, as shown by the following figures taken from the records of the State Auditor's office.

In the legislative act providing for the 10c Road Levy, the gasoline tax, and the motor bus and truck tax, among other things the sum of \$1,550,000.00 was authorized to be raised as applicable to the 25% State Road Fund and that these taxes shall be in effect until this sum has been paid into the 25% Road Fund. Of this amount \$1,140,882.49 was raised to the date of June 30, 1926, leaving a balance of \$409,117.51 to be raised. From this last amount the sum of \$163,290.85 must be deducted as covering the proportion of the ten cent levy for 1926 which will be credited to the 25% fund leaving a balance authorized to be raised of \$245,826.66 which amount is to be received from the monthly receipts from the gasoline tax and the motor bus and truck tax. Based on the average receipts from this source for April, May and June of this year, the monthly income amounts to \$21,982.86 so that it will be at least eleven months from June 30, 1926, before the balance of \$245,826.66 is paid into the 25% fund and the present law becomes ineffective.

This period will carry entirely beyond the meeting of the next State Legislature which undoubtedly will make provision for the continuation of the above taxes.

**Q.** When do State and County taxes become delinquent, whose duty is it to collect them, and what are the penalties for non-payment?

**A.** State and County taxes are payable in two installments. The first pay-



ment is due on the first Monday in September and becomes delinquent the first Monday in November. The second payment or installment is due the first Monday in March following, and becomes delinquent on the first Monday in May following. The taxes are collected by the County Treasurer who, for that purpose, is Ex-Officio Tax Collector. The Treasurer receives the tax roll from the Board of Supervisors on or before the first Monday of September of each year, and then publishes an official notice specifying that the assessment and tax roll of the county for the current year is then in his possession for the collection of the taxes levied, and which notice specifies that one-half of the taxes, as assessed, will be due and payable on the first Monday of September, and will be delinquent on the first Monday in November, that the remaining half of the taxes will be due on the first Monday in March next, and will be delinquent on the first Monday in May next, and specifies that unless the taxes are paid before delinquency, four per cent (4%) thereof will be added as a penalty, and interest from the time of delinquency, at the rate of ten per cent (10%) per annum, on the amount of taxes, will be charged. For all taxes that are delinquent the Treasurer makes up a delinquent list, the first list being made on the last day of December, covering the first installment of taxes, and the last list on the first day of June, covering the second installment. On the first Monday in January and the first Monday in July of each year, the Clerk of the Board of Supervisors transmits to the State Treasurer and the State Tax Commission a written statement showing the amount of the delinquent tax roll. On the last day of December and the first day of June of each year, the Board of Supervisors are required by law to examine and compare the delinquent list and after the same has been corrected, the Chairman of the Board certifies the same as correct. Within ten days after the last day of June of each year, the County Treasurer makes what is termed a "back tax book" from the delinquent list, and it becomes his duty to proceed to collect the taxes set out in the back tax book, and he is empowered by law to levy upon, and seize personal property and sell the same for taxes. The law also provides that, not earlier than sixty days, nor later than six months after the second installment of taxes becomes delinquent,

suit shall be filed by the County Treasurer to enforce the payment of the county taxes in the Superior Court, and it becomes the duty of the County Attorney to prepare all pleadings, papers, and notices, and to conduct all suits for the collection of delinquent taxes.

Before the property assessed can be relieved of the lien of taxes after delinquency, the four per cent (4%) of the amount must be paid, together with the ten per cent (10%) from the date of delinquency, and all costs and expenses of any suit filed, so that it will be seen that if taxes are delinquent for one year, an additional fourteen per cent (14%) of the original amount of the taxes, together with costs and expenses, is attached to the burden of the taxpayer.

—0—

**Q. The proposed highway finance bill provides for a state highway bond issue in the sum of ten million dollars, but its proponents failed to initiate a constitutional amendment to raise the limitation on the state's indebtedness to include that sum. What effect, if any, would adoption of the highway finance bill at the general election have on the bonded indebtedness of the state?**

A. The proposed highway finance bill, which will be submitted to the voters at the General Election in November, will have no effect upon the present limit of bonded indebtedness for the state of Arizona. Sections 1 and 2 of Subdivision 4 of the proposed bill, which can be found at page 37 of the Publicity Pamphlet sent to all registered voters by the Secretary of State, provides that ten million dollars shall be issued in bonds by the Loan Commissioners of the State, but in the absence of a constitutional amendment providing for raising the present limit of bonded indebtedness, these provisions of the proposed bill cannot be carried into effect. Section 5 of Article IX of the Constitution of the State of Arizona, provides as follows:

"The State may contract debts to supply the casual deficits or failures in revenues, or to meet expenses not otherwise provided for; but the aggregate amount of such debts, direct and contingent, whether contracted by virtue of one or more laws, or at different periods of time, shall never exceed the sum of

three hundred and fifty thousand dollars; and the money arising from the creation of such debts shall be applied to the purpose for which it was obtained or to repay the debts so contracted, and to no other purpose.

"In addition to the above limited power to contract debts the State may borrow money to repeal invasion, suppress insurrection, or defend the State in time of war; but the money thus raised shall be applied exclusively to the object for which the loan shall have been authorized or to the payment of the debt thereby created. No money shall be paid out of the State treasury, except in the manner provided by law."

It will thus be seen that the State cannot issue bonds until this provision of our present Constitution has been changed, and it is generally thought by the legal fraternity that no bonds of the State can be issued, with the exception of what are termed Tax Anticipation Bonds, at this time, for the reason that the present bonded indebtedness is in excess of Three hundred and Fifty Thousand Dollars. Tax Anticipation Bonds have been issued by the State at various times in large amounts under the existing law, for the purpose of providing money in advance of the collection of taxes actually levied. The theory of the right of the State to issue Tax Anticipation Bonds is that such bonds do not raise the debt limit, inasmuch as taxes are due the State greater in amount than is evidenced by the Tax Anticipation Bonds, which are usually issued twice each year, run for a few months, and are then redeemed. It may be said that the proponents of the proposed highway finance bill, spoken of above, submitted to the voters for signatures an amendment to the Constitution, which would enable the state to issue the bonds, but sufficient signatures were not obtained prior to the expiration of the time for filing the petitions. Various attempts have been made by measures submitted to the voters during the past years to amend the Constitution for the issuance of bonds for all sorts of purposes, but the voters have uniformly declined to raise the debt limit of the State itself beyond the amount provided for in the Constitution.

1 1-2c. Paid

Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS' MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME THIRTEEN

PHOENIX, ARIZONA, OCTOBER, 1926

NUMBER TEN

## If You Oppose Higher Taxes Vote "No" on These Measures

Two measures whose adoption will certainly result in increasing the already heavy tax burden in Arizona will appear on the ballot November 2nd. It is to the interest of every property taxpayer in the state to oppose these measures.

The most vicious of the two proposals is the so-called "Automobile Tax Reduction Law," sponsored by the Secretary of State, and backed by automobile dealers. Adoption of this measure will remove from the tax rolls of the state TWENTY MILLIONS OF DOLLARS, and will place the burden of taxation heretofore borne by this valuation on other classes of property. If it is adopted, the taxpayers of the state will be called upon to provide APPROXIMATELY HALF A MILLION DOLLARS OF REVENUE PER ANNUM now received from taxation on automobiles.

The measure is not only unfair and un-American because it exempts one class of property owners at the expense of the others, but is also contrary to sound business principles. It creates another state department with an unlimited appropriation to perform duties already being discharged by the Secretary of State, yet at the same time expressly provided that the salary of the latter official, which was increased \$2,000.00 in 1925, SHALL NOT BE REDUCED.

Automobiles in Arizona are not overtaxed. Only one state in the union has a lower motor vehicle license fee per car than Arizona. FORTY-SIX OTHER STATES AND THE TERRITORY OF HAWAII IMPOSE HIGHER LICENSE FEES THAN ARIZONA. Yet it is now proposed to abolish these taxes and substitute a nominal fee which does not bid fair to pay the expenses of collection.

The so-called "State Highway Department Finance Bill" is designed to pave the way for a state bond issue of ten million dollars. If its supporters had started a few days sooner, a constitutional amendment increasing the limitation on the bonded indebtedness of the state by ten million dollars would in all probability have appeared on the ballot. The bill as it now stands would re-enact the ten-cent road levy, the gasoline and bus and truck taxes, which it has been shown will not expire until after the next session of the legislature. Adoption of this measure will, in the words of its own supporters, SET THE MACHINERY for a bond issue in the principal sum of TEN MILLION DOLLARS, which with interest during the term of the bonds will create an additional obligation aggregating SEVENTEEN AND A HALF MILLION DOLLARS.

If this highway finance measure is adopted, all that will be needed to effectively tie this seventeen million dollar millstone around the neck of the taxpayer will be the passage of a brief constitutional amendment at any date the legislature may submit it to the people.

TAXPAYERS, BE ALERT! INFORM YOURSELVES AND YOUR NEIGHBORS OF THE TRUE NATURE OF THESE PROPOSALS, AND PROTECT YOUR BEST INTERESTS AND THOSE OF THE STATE OF ARIZONA BY VOTING "NO" ON NUMBERS 305 AND 307 ON NOVEMBER SECOND.



# MOTOR VEHICLE TITLE LAW

The following report of receipts and disbursements under the Motor Vehicle Title law, which became effective October 1, 1925, has been transmitted to the Governor by Secretary of State Kerby:

## RECEIPTS

Oct. 1, 1925, to June 30, 1926.

Certificate of title fees.....	\$ 72,687.00
Transfers of title fees.....	7,569.00
Duplicate titles.....	57.00
Operators Permit fees collected by county assessors:	
Apache .....	\$ 154.50
Cochise .....	3,372.00
Coconino .....	663.50
Gila .....	1,974.50
Graham .....	634.50
Greenlee .....	404.50
Maricopa .....	9,581.50
Mohave .....	309.50
Navajo .....	659.50
Pima .....	3,138.00
Pinal .....	847.00
Santa Cruz.....	563.00
Yavapai .....	1,710.50
Yuma .....	1,509.00
Operators permit fees received by Sec'y. of state	749.00
Used car dealers' license fees .....	352.00
New motor and block number fees.....	60.00
Over payment of fees.....	423.92

TOTAL RECEIPTS.....\$107,419.42

## DISBURSEMENTS

County Assessors' Expense:	
Apache .....	\$ 188.92
Cochise .....	3,221.20
Coconino .....	464.69
Gila .....	2,168.04
Graham .....	507.59
Greenlee .....	212.83
Maricopa .....	12,546.27
Mohave .....	329.98
Navajo .....	337.14
Pima .....	1,841.57
Pinal .....	654.77
Santa Cruz.....	347.05
Yavapai .....	2,090.04
Yuma .....	964.15
Operators fees remitted to assessors .....	700.50
Operators fees refunded and expense of refunding.....	21,309.63
Overpayment of fees refunded .....	353.42
Secretary of State, Expense:	
Printing .....	\$10,050.53
Stationery .....	2,785.83
Postage .....	4,631.45
Salaries .....	23,599.61
Travel .....	1,161.09
Misc. expense.....	289.36
Furniture and fix. ....	2,649.91
Remitted to State Treasurer .....	5,000.00
Encumbered cash balance....	9,014.35

25,873.74

45,167.78

\$107,419.42

of State in October 1925 and the results actually attained may be of some assistance to the public in arriving at a determination of the advantages or benefits, if any, derived from this law and others of a similar nature.

### Rosy Advance Estimates.

By referring to the letter of Secretary of State dated Nov. 2, 1925, it appears that that official had incurred expenses up to that date totalling \$27,605.20, and that he estimated an additional expenditure of \$20,000.00 would be necessary for salaries and other expenses incidental to carrying the law into effect. He estimated that the total receipts from fees to be collected under the law would amount to \$177,500.00 and that the amount of money the state would receive over all expenses would be \$129,894.80. This amount, under provision of the law, would be paid into the state road fund.

At the time the letter of the Secretary of State was published, this Magazine stated that it believed his estimate of three drivers to every automobile was excessive. Just how excessive it was may be ascertained from a perusal of his report to the Governor.

### The Actual Results.

The receipts from operation of the law as estimated by the Secretary of State and the actual receipts follow:

#### Secretary of State's Estimate.

65,000 Cars @ \$1.00.....	\$ 65,000.00
200,000 Operator Permits ..	100,000.00
500 Second Hand Dealers @ \$5.00 .....	2,500.00
10,000 Transfers of Title @ \$1.00 .....	10,000.00
	\$177,500.00

#### Receipts Actually Reported.

Certificate of Title Fees.....	\$ 72,687.00
Operators' Permits.....	26,270.50
Second Hand Dealers.....	352.00
Transfers of title.....	7,569.00
Other fees, including over payments refunded .....	540.92

\$107,419.42

From the foregoing it is apparent that the estimate of the Secretary of State of the amount of receipts from operation of this law was \$70,080.58 in excess of the actual receipts during the first nine months the law was in operation. In addition there must be deducted from

## How the Motor Vehicle Title Law Is Working Out

### Results of Nine months operation as set Forth in Official Report of Secretary of State to the Governor.

On another page of this issue of the Magazine there will be found a report of receipts and disbursements in connection with administration of the Motor Vehicle Title Law as set forth by the Secretary of State in his report to the Governor covering the nine months' period from October 1, 1925, the date the law became effective, until the close of

the fiscal year on June 30, 1926.

In November 1925 this Magazine published in full a report of the Secretary of State as to expenses incurred in connection with putting the law into effect, and an estimate by that official as to the probable expense of administering the law and of the revenue which would accrue to the state over all expenses. Although the report published in this Magazine speaks for itself, a comparison of the results as estimated by the Secretary

the receipts above listed overpayments funded as well as the refunds which are made to automobile owners who paid a fifty cent fee for operators' permits. Overpayments sent back amounted to \$353.42. The amount of fees refunded to automobile owners and the expense of refunding are lumped by the Secretary of State in his report to the Governor, and amount to \$21,302.63, so that the actual net receipts in fees by the secretary of state is \$85,756.37 or less than half the amount which the Secretary of state estimated would be received from operation of this law.

#### State Gets Pittance.

When it comes to the matter of revenue to the state the discrepancy between what the Secretary of State estimated the state would take in over and above all expenses and the amount actually paid into the state treasury is even greater. On November 2, 1925, the Secretary of State estimated the amount which would accrue to the state after all expenses had been paid at \$129,894.80, while his report to the Governor shows that he has actually remitted to the State Treasurer the sum of \$5,000.00. In other words the law as administered by the Secretary of State fell short by \$124,894.80 of producing the revenue which it was "estimated" it would produce.

Although not intended primarily as a revenue measure, and although an opinion rendered by the Attorney General after the law had taken effect that owners of cars are not required to pay the fee for operator's license reduced the revenue by at least \$32,500.00, the report of the law as it was actually administered presents some phases which are not only interesting, but which from the standpoint of business economy border on the ridiculous.

#### Operation at a Loss.

For example it will be noted that an item of expense aggregating nearly \$26,000.00 is listed under County Assessors' expense. A comparison of the amounts paid by the state out of the receipts of this fund for salaries and wages and other expenses incurred by representatives of the secretary of state who were assigned to the offices of the various county assessors shows that in five of the counties of the state it cost far more to collect the permit fees than was received in those counties. In Apache the disbursements were \$188.92 and the receipts only \$154.50; in Gila county the state spent \$2,168.04 collecting the fifty cent pieces of the automobile drivers and received only \$1,974.50. In Maricopa county over \$12,500.00 was expended and only \$9,581.50 was collected. In Yavapai another \$3,000.00 deficit was incurred in the course of the operation of the law. Nor is this all

After the expenses listed as incurred in the offices of the county assessors had all been deducted from the receipts, leaving in five counties of the state a loss of over \$8,000.00, it then became necessary to refund to thousands of automobile owners the fifty cent fees that had been collected, and \$21,309.63 had been thus expended up to June 30, 1926. In addition over \$9,000.00 of cash balance remaining after all expenditures had been "encumbered" that is, there were bills payable to that amount on June 30 to be paid out of the money collected.

#### Where Did the Money Go?

The items listed under the heading "Secretary of State, Expense" show a total expenditure in that department of \$45,167.78. Of this amount there had been spent for printing forms, circular letters, notices, communications and advertisements of one sort or another the sum of \$10,050.53. Stationery used up over \$2,700.00. Uncle Sam was enriched to the tune of \$4,631.00 for postage, and \$1,161.09 was expended for travel. Salaries, the largest item expended by the Secretary of State directly in his own office, ate up \$23,599.61 of the receipts, while new furniture and fixtures cost \$2,649.91.

It is apparent from the report of the Secretary of State that the Motor Vehicle Title law has cost the Arizona Public not the sum of \$47,605.20 which the Secretary of State estimated last November it would, but actually more than twice that sum, or a grand total of \$107,419.42 in nine months. In other words the people of Arizona affected by this law are paying nearly \$12,000.00 a month in fees, less than 4.7 per cent of which finds its way into the public treasury, the remaining 95.3 per cent being used for salaries and expenses of administering the law.

#### Type of Law Obsolete.

Last November, when the probable effect of the operation and administration of this law appeared much more favorable than it has since actually turned out to be, this Magazine said:

"This Magazine has always opposed laws which grant to heads of any office created for any public purpose, unlimited powers of discretion as to what shall be the scope and extent of administering a public activity; has likewise opposed legislation which grants to any officer or department power to expend without limit, in conducting the activities of such office and department. The history of the legislation covering these laws which formerly existed and granted such powers, is a history of final repeal thereof. This particular law goes back to the old and heretofore discarded policy of creating unlimited powers,

and permitting an unlimited use of funds to execute discretionary powers so unlimited....If from an examination of the actual cost of administering the law, coupled with such knowledge as to what is included in that cost, as may be within the minds of our readers in connection with notices, letters, communications, publications, and other details encountered by each owner of an automobile, the estimated cost—\$47,605.20—of administration in connection with the law, speaks for economy, then there may be good reason for a law granting such powers without limit...At least a considerable number of individuals in the public are of the mind, that the efforts of the Secretary of State to enforce the law have already entailed too much expense...And while the primary intended effect of the law may not have been for "revenue," yet the legislature did have in mind a possible revenue to the State road fund, from the fees collected, when it provided that the residue of fees collected after paying expenses, should go to that state fund.

"At this time the Secretary of State is responsible only for activities and expenses connected with giving the law effect.

"This Magazine has always been for economy. It has at all times had in mind the convenience of the public in connection with regulatory measures like the law now discussed. The county assessors of each of the fourteen counties are still burdened with the labors of issuing automobile licenses; each of these assessors have been burdened with extra duties particularly incident to the issuing of driver's licenses, and the relation of certificates of title to those duties.

"The Secretary of State estimates a total revenue from the law of \$177,500.00. These figures include an average of over three drivers for each license for each automobile. The Magazine believes this estimate is excessive.

"With the taxpayers of Arizona burdened as they are with high taxes and large expenses connected with governmental activities in the state, it is to be regretted that a law has been placed in effect which will still further burden the public with fees and expenses, for purposes which will be of no substantial benefit to anyone. The Certificate of Title to an automobile although issued by the Secretary of State under official seal is no real evidence of the facts as to title. The records of county recorders, with such filings as must still be made in these offices, remain as real records in which persons must look for real evidence as to Title of Automobile regardless of what may appear in the

(Continued On Page Six)



# NO DECREASE IN ARIZONA

A total of \$17,696,651.00 in direct taxes is to be collected in Arizona for 1926, according to a compilation of the amounts to be raised for state, county, special district and city purposes just completed by the State Tax Commission. The statement, published herewith shows an increase of \$11,282.00 over the total taxes levied in 1925.

Despite the fact that the amount to be raised for state purposes for 1926 shows a decrease of \$622,793.00, county, special district and city tax levies all show increases which raise the total over last year. Only three counties in the state, Apache, Santa Cruz, and Yavapai, fail to show an increase in the amount to be raised for county purposes. Apache county shows a reduction of \$4,734.00 for county purposes; in Santa Cruz there is a reduction of approximately \$2,000.00, while in Yavapai county the amount to be provided for county purposes shows a decrease of about \$8,000.00 in every other county the amount to be provided for purely county activities shows a gain, varying from \$78,-

287.00 in Cochise county to \$6,216.00 in Coconino. The total increase in the amount for county purposes is \$308,564.00.

**Special District Costs Rise**

Special district taxes show an increase that is second only to the increase in the amount to be raised for county purposes. From \$3,835,819.00 in 1925, the amount to be raised by taxation for special district purposes has increased to \$4,082,482.00 a jump of \$246,663.00 up the scale. Mohave and Pinal counties are the only ones in which taxes for special district purposes do not show an increase as compared with 1925.

Seventeen out of the 32 incorporated cities and towns in Arizona show an increase in the amount of the tax levy for 1926 as compared with 1925 and the remaining 15 show decreases. Bisbee leads with a reduction in the levy for city purposes of \$11,066.00. Substantial increases in the city levies of Phoenix and Tucson, and in fifteen smaller cities more than offset the splendid showing made by the other municipalities, and

result in an increase in the levy for city purposes within the state for 1926 of \$78,848.00.

**Eight County Rates Go Up**

County tax rates in eight counties of the state show an increase as compared with 1925. Navajo county led the increases with a boost in the tax rate for county purposes of over 24 1-4 cents. Graham was close behind with a jump in the county levy of 21 cents, and Gila, with an increase of over eight cents in the county levy was third. Pinal county leads in the decrease in the county tax rate, a reduction from \$1.035 for 1925 to \$.943 for 1926 having been made possible through a large increase in assessed valuation. Other decreases in the county tax rates ranged from a cent and a half to fractions of a cent.

**City Assessment up \$3,000,000.00**

Valuation of taxable property within the corporate limits of cities and towns increased more than \$3,000,000.00 and the amount to be raised by direct taxation in those same cities and towns increased by \$78,848.00

**A TABLE SHOWING THE TOTAL TAXES FOR ALL PURPOSES TO BE COLLECTED**  
Including State, County, City, Town, School District and Special District Taxes

COUNTIES	Valuation by State Board of Equalization	State Rate Per \$100.00 Valuation	Am't Raised for State Purposes	County Rate Per \$100.00 Valuation	Am't Raised for County Purposes	Am'ts Raised for Special Dist. Purposes
APACHE .....	\$ 8,739,092.00	.67	\$ 58,552.00	2.06	\$ 180,025.00	\$ 4,134.00
COCHISE .....	108,563,443.00	.67	727,375.00	.62	673,093.00	476,764.00
COCONINO .....	20,089,113.00	.67	134,597.00	1.1006	221,101.00	112,497.00
GILA .....	82,801,627.00	.67	554,771.00	.8744	724,017.00	404,053.00
GRAHAM .....	11,993,206.00	.67	80,354.00	1.95	233,868.00	108,403.00
GREENLEE .....	23,146,182.00	.67	155,079.00	1.22	282,383.00	107,917.00
MARICOPA .....	119,953,042.00	.67	803,685.00	1.43	1,715,328.00	1,515,904.00
MOHAVE .....	15,169,636.00	.67	101,637.00	2.066	313,405.00	14,180.00
NAVAJO .....	10,828,373.00	.67	72,550.00	2.0356	220,422.00	86,954.00
PIMA .....	69,185,572.00	.67	463,543.00	1.21	837,145.00	377,858.00
PINAL .....	54,226,642.00	.67	363,319.00	.943	511,358.00	177,371.00
SANTA CRUZ .....	11,953,504.00	.67	80,088.00	1.64092	196,384.00	83,294.00
YAVAPAI .....	93,394,465.00	.67	625,743.00	.75	700,458.00	355,323.00
YUMA .....	23,119,500.00	.67	154,901.00	1.82	420,775.00	257,830.00
TOTALS .....	\$653,163,397.00		\$4,376,194.00		\$7,229,762.00	\$4,082,482.00

# TAX BURDEN

**Increasing County, District and Municipal Costs More Than Offset Reduction in Amount to be Raised for State Purposes**

Although, as has been previously pointed out by this Magazine, each and every piece of property within the state is not taxed for all of the purposes enumerated above, the burden of \$17,696,651.00, is in the final analysis a burden affecting directly or indirectly every property owner in Arizona. To begin with the state tax of 67 cents per \$100.00 of assessed valuation is levied on all property within the state. Every bit of property also lies within some county, and must therefore contribute to the cost of the government of that particular county according to its assessed valuation, at rates ranging from 62 cents in Cochise county to \$2.066 in Mohave county. Then come the special district taxes, for schools, for special road improvements, or for irrigation, drainage or electrical districts. Few and far between are those pieces of property that do not lie within at least one school district. And last of all, affecting directly a smaller amount of assessed valuation but indirectly imposing a burden which is passed on in part at least

to the consumers of the state as a whole, are the costs of city government. The person who lives outside of an incorporated city or town may congratulate himself on paying no city taxes, but if he trades in Arizona, as he should, if he does his part to build up the state, and buys in Arizona, a certain part of every dollar he spends goes to help pay the taxes in that particular city or town in which he trades.

This Magazine has always endeavored to give credit where credit was due, to call attention to commendable achievements in the way of economies, and in line with that policy desires to call attention to the reduction in the amount to be raised for state purposes in 1926. However, it must be remembered that over a long period of years the amount necessary to be raised for state purposes has invariably been higher for the year the legislature meets than the second year of the biennium. That the high tax rate of last year, and the total of \$4,998,987.00 raised for state purposes, which is \$622,793.00 more than for 1926

was directly traceable to the increased appropriation for educational institutions is very apparent. It is also very apparent that unless the next state legislature exercises the strictest economy, that state taxes for 1927 will show material increase over 1926. As county, special district and city taxes appear to be constantly and consistently increasing, the tax burden next year bids fair to show an increase as compared with the current year even if the amount to be raised by state taxation remains stationary.

It is evident from consideration of the amounts to be raised by taxation for the various governmental units under which the people of Arizona live, that only by exercise of the strictest economy can the tax burden be reduced. It is incumbent upon every public official and employee, from the members of the legislature on down to the humblest employee of the smallest unit of local government, to see to it that strict economy consistent with efficiency is exercised at all times.

## FROM ARIZONA TAXPAYERS FOR THE FISCAL YEAR 1926-1927

er Special District Taxes

		CITY TAXES—1923		Tax Rate	Amount
				Per \$100.00	of
				Valuation	Levy
		CITIES AND TOWNS	Valuation		
Am'ts Raised	Total Am'ts				
for City	Raised for all				
Purposes	Purposes				
\$.....	\$ 242,711.00	BENSON .....	\$ 489,184.00	.82	\$ 4,011.00
210,649.00	2,087,881.00	BISBEE .....	5,268,287.00	1.935	101,941.00
105,578.00	573,773.00	CASA GRANDE .....	730,258.00	2.108	15,394.00
196,649.00	1,879,490.00	CHANDLER .....	1,062,110.00	1.33	13,064.00
15,305.00	437,930.00	CLIFTON .....	3,281,671.00	1.54	50,538.00
50,538.00	595,917.00	DOUGLAS .....	6,239,931.00	1.50	93,599.00
726,883.00	4,761,800.00	FLAGSTAFF .....	3,779,948.00	2.355	89,018.00
.....	429,222.00	FLORENCE .....	660,802.00	1.492	9,859.00
53,522.00	433,448.00	GILBERT .....	279,659.00	.81	2,265.00
354,800.00	2,033,346.00	GLENDALE .....	1,649,107.00	.92	15,172.00
25,253.00	1,077,301.00	GLOBE .....	3,920,934.00	2.50	98,023.00
60,241.00	420,007.00	HOLBROOK .....	955,198.00	2.09	19,964.00
111,949.00	1,793,473.00	JEROME .....	3,620,998.00	1.2649	45,802.00
96,846.00	930,352.00	MESA .....	2,752,332.00	.91	25,046.00
		MIAMI .....	3,023,015.00	3.20	96,736.00
		NOGALES .....	6,768,613.00	.89	60,241.00
		PHOENIX .....	49,870,521.00	1.30	648,317.00
		PIMA .....	231,585.00	.77	1,783.00
		PRESCOTT .....	6,614,722.00	1.00	66,147.00
		SAFFORD .....	1,190,001.00	.95	11,305.00
		SNOWFLAKE .....	162,959.00	.49	798.00
		SOMERTON .....	436,421.00	2.399	10,470.00
		TEMPE .....	1,411,675.00	1.48	20,893.00
		THATCHER .....	403,005.00	.55	2,217.00
		TOMBSTONE .....	433,448.00	1.00	4,335.00
		TUCSON .....	25,163,155.00	1.41	354,800.00
		WICKENBURG .....	272,570.00	.78	2,126.00
		WILLCOX .....	661,463.00	1.16	6,763.00
		WILLIAMS .....	1,077,437.00	1.537	16,560.00
		WINKELMAN .....	270,040.00	.70	1,890.00
		WINSLOW .....	2,678,632.00	1.223	32,760.00
		YUMA .....	4,935,754.00	1.75	86,376.00
		TOTALS .....	\$140,295,435.00		\$2,008,213.00



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription OCTOBER, 1926 50 cents

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### HOW THE MOTOR VEHICLE TITLE LAW IS WORKING OUT.

(Continued From Page Three)

#### Secretary's Certificate of Title obtained under the new law."

##### Auto Thefts Continue.

In view of the actual results as officially reported, the position taken by this Magazine last November appears to have been more than justified. In the history of Arizona there is perhaps no more glaring example of ill-considered and loosely framed legislation, than the Motor Vehicle Title law. Enacted presumably for the purpose of protecting the owners of automobiles in the possession of their property, it has developed into an expensive luxury. If it has resulted in any material decrease in the number of automobile thefts, such result is not apparent. Peace officers are still busily occupied in chasing down stolen cars. Nor does the law provide any method whereby the secretary of state can investigate the accuracy of the statements made to him by applicants for certificates of title to automobiles. That official, perforce, finds himself in the position of being obliged to accept at their face value the sworn statements of applicants for certificates of title, and to issue a document certifying that the possessor is the owner of any car that the applicant may describe.

##### Cost—Twelve Thousand a Month.

The main outcome of the enactment of this piece of legislation appears to have been the setting up of machinery for collection by the secretary of state of

what has amounted on the average to \$12,000.00 a month from the automobile owners of the state and its use in the payment of salaries to a bevy of clerks and office assistants, in the printing of thousands of circular letters, statements, and communications concerning this or that phase of the operation of the law, all of this money being expended at the discretion of the official charged with operation of the law, without limit or restraint of budget previously determined.

##### New Proposal Equally Dubious.

It is now proposed that in addition to the certificate of title law, whose operation has resulted in the establishment of an extensive department at the expense of the automobile owners of the state,

that there shall be created another department to administer another law, presumably framed for their benefit, but whose actual working out gives promise of advantages even more dubious than did the certificate of title law.

The voters of the state are now exploring and urged to adopt a measure drawn by the Secretary of State for the taxation of automobiles by weight only, it being urged that they will profit by a very material reduction in taxes on their automobiles.

The exemption of automobiles from taxation will impose a still greater burden on all other classes of property, which will be called upon to make up the deficit, as has already been pointed out in the columns of this Magazine.

## To Be Placed Upon the Calendar

To the Members of the Eighth State Legislature:

Among the tasks which will confront you when you assemble at the State Capitol early in January will be the repeal and elimination from the statute books of legislation which has proven itself to be detrimental, disadvantageous to the state as a whole, or merely useless.

Elsewhere in this Magazine there is published the official report of the Secretary of State covering operation of the Motor Vehicle Title law over a period of nine months. From this report it will be noted that the owners of automobiles have been required to pay to the state over \$107,000.00, of which sum only a paltry \$5,000.00 has found its way into the state treasury.

Consideration of this measure will convince anyone who will take the trouble to analyze its operations that it is a backward piece of legislation, reviving the policy heretofore discarded of creating unlimited powers and permitting unlimited use of funds in the carrying out of those powers at the discretion of the official charged with the administration of the law.

The fact that under the operation of this law the people of Arizona have been compelled to pay more than \$107,000.00 and have been put to a great deal of inconvenience may reasonably give rise to the question as to what benefits, if any, have been derived from this statute. If there has resulted a proportionate amount of protection to the automobile owner, if the cost of running down stolen automobiles has been diminished by that amount, if the expenses of the sheriff's offices, the county attorney's offices, the offices of the county assess-

ors, and the courts have been reduced by the amount collected, then this fact should be made known. But if the certificate of title to an automobile as issued by the Secretary of State under official seal is actually no real evidence of the facts as to title, if it should be determined after investigation that the issuance of these certificates of title (expensively lithographed and paid for out of the fees collected) is merely a routine procedure and that the certificate of title in itself means nothing except that the person receiving it has filed an application with the Secretary of State and paid a dollar and if the law has resulted merely in providing a fund to be expended without check or restraint at the discretion of the Secretary of State, if the county assessors are still burdened with the labors of issuing licenses and certificates, if the thefts of automobiles show no decrease, then these facts should be determined and prompt action should be taken looking toward the repeal of this piece of legislation.

Mr. Legislator, the people of Arizona, grievously burdened as they are with high taxes, state, county and local, are looking to you, regardless of county lines or political affiliation, for relief from the load under which they are attempting to carry on their farms and their businesses. Any economies that can be effected without impairing efficiency are not only desirable, but essential at this time. One of the best places to start with the axe in cutting down the forest of unnecessary governmental costs would appear to be the Motor Vehicle Title Law.

# SHALL THE STATE BECOME COLLECTION AGENCY?

## Receives Equivalent of 5% Commission from Operation of One Automobile Law; Now Urged to Enact Another

The Governor has frequently, in denying requisitions of other states for persons wanted elsewhere in connection with unsettled obligations announced as his reason for such refusal the principle that the state is not a collection agency. If any criticism has been leveled at the Chief Executive because of his adherence to this policy, it has not made itself heard. The citizens of the state generally subscribe to the rule that the state is not a collection agency, nor its departments to be employed for such purposes.

Unfortunately there is now a law on the statute books that in its working out operates primarily as a collection agency for concerns which make a business of financing the purchase of automobiles on contract. It has been in effect for a year now, and the net advantages, if any there are, have been those received by financial concerns handling automobile paper. Contrary to assurances of proponents of the law, there does not appear to have resulted from its operation any marked increase in protection or convenience to the public. In the operation of the law the automobile owning public has been put to considerable inconvenience, \$107,000.00 has been collected in nine months, and the state has profited to the extent of only \$5,000.00—a mere collection fee.

### Another is Proposed

It is now proposed that in addition to the farcical Certificate of Title Law, costing the automobile owners of the state \$12,000.00 a month in order that the state may receive \$555.00 a month, there shall be adopted by VOTE OF THE PEOPLE, AMENDABLE ONLY BY VOTE OF THE PEOPLE, a measure virtually exempting automobiles from taxation. For existing license fees and property taxes it would substitute a scale of nominal fees, which judging from the Certificate of Title Law experiment, will cost the state more to collect than would be gathered into the public treasury in this way. Assuming that no deficit would be incurred, the state would lose TWENTY MILLION DOLLARS IN TAXABLE PROPERTY from its assessment rolls, and other property would be called upon to make up through direct taxation AT LEAST HALF A MILLION DOLLARS A YEAR.

In the effort that is being put forth by the Secretary of State, advocate and administrator of the ridiculous Certificate of Title Law, the automobile owners of the state are being flooded with propaganda to the effect that they as a class of property owners are overtaxed.

They are told how much they are paying in fees and property taxes, and that in addition they are compelled to pay a tax on gasoline.

### Arizona Autos Not Overtaxed

As a matter of fact surveys by the State Highway department show that a very appreciable proportion of the gasoline tax, possibly 25%, is paid by non-residents, but attention of the Arizona Automobile owner is not directed to this fact, or to the fact that the gasoline tax constitutes the only tax collected or collectible under our present laws from foreign cars passing through the state, cars using our highways, but contributing, except for the gasoline tax, not one cent in revenue.

Nor has the Secretary of State, who advocated the Certificate of Title Law prior to its enactment, and who predicted a net revenue of \$129,000.00 annually from its operation, had the temerity to inform the automobile owners of Arizona in the various circulars, letters, and communications of one sort or another with which the outgoing mail of his office has been swamped, that with the single exception of but one state in the union, **Arizona has the lowest scale of automobile license fees in the country.** Because California's flat rate per passenger car is \$3.00 per year that state ranks below Arizona in motor vehicle license fees, but even the California truck fees are higher than in Arizona.

### Heavy Trucks Pay Little

With heavy motor trucks daily pounding to pieces the highways which the people of Arizona are taxed to construct and maintain, without contributing anything like their just share of the damage they do, with other states whose highway mileage is much less than that of Arizona, states in which there are none of the "magnificent distances" over which the motoring public expects to be able to travel in Arizona at 40 or 50 miles an hour, imposing much higher license fees and taxes on motor vehicles, and compelling motor bus and truck lines to contribute their share of the expense of maintaining the highways, it is now proposed by the Secretary of the State, and seconded by some of the automobile dealers of Arizona, that this state shall forego virtually all revenue from motor vehicles, as a class of property, shall repeal all mill taxes on motor busses and trucks, and shall raise by taxes on other kinds of property the revenue which it will thus lose.

In view of the increasing damage wrought by heavy trucks, operated for hire or otherwise, the question arises, do the people of Arizona desire to enact a fixed and permanent schedule of only nominal fees to apply to this class of traffic, while other states are finding it

necessary to constantly increase the taxes on the same class of property in order to partially repair the damage caused. If the "auto tax reduction law" is adopted, it can be amended only by vote of the people, and anybody who has observed the operation of the initiative and referendum will realize that such an amendment, no matter how urgently it may be needed, is most difficult to secure. In this, as in other cases of revenue-producing laws, the amounts to be raised can advantageously be left to the legislature, which is in a position to amend or revise the laws to meet changing conditions, whereas their amendment by popular vote can only be had after a most time-consuming process, frequently involving passage of a measure by the legislature and its reference eighteen months thereafter to the people for approval.

### Other State Taxes Higher

When 47 other states find that motor vehicles as a class are rightfully entitled to contribute more than they do in this state to the cost of building and maintaining the highways, when many states have imposed as high or higher gasoline taxes than the three cents per gallon now in effect in Arizona, when, for instance, the license fee on a seven-ton truck in Georgia is ELEVEN HUNDRED DOLLARS MORE than Arizona's paltry \$25.00 fee, it does not appear in just what way the Arizona automobile owner is "Over-taxed."

It does appear, however, that with one "collection-agency law" already in effect for the benefit and protection of those concerns which make a business of loaning money at high rates of interest to the purchasers of automobiles, that the state is in danger of adopting another measure, at the expense of the owners of other classes of property, which would virtually exempt automobiles from taxation, create an additional department of state whose business it would be to collect nominal fees from motor vehicle owners, which fees, if operation of the certificate of title law is any indication, would not result in sufficient revenue to the state to justify the expense of their collection.

The state is thus being asked to again place itself in the position of a collection agency, for the benefit of the clerks, accountants, stenographers, inspectors, attaches and employees of every kind and description who are to be given jobs in the new motor vehicle department, all of them coming under the provision "such persons as may be necessary to carry out the provisions of this act." And it does not appear that the state will have half as good a chance as it now has under the preposterous Certificate of Title Law to get its 5% com-



mission. Blanket authority to expend without limit "an amount sufficient to carry out the provisions of the act" is thoughtfully included in the bill.

Every citizen who believes that government has higher and better reasons for existence than to act as a collection

agency, gathering in money to pay salaries and expenses of departments which contribute nothing to the general welfare, and which are engaged primarily in expending the funds thus collected, will take warning from the results of the Certificate of Title Law and vote NO on the proposed "Automobile Tax Reduc-

tion Law" on November 2d. Violative of every rule of efficiency and economy, illadvised, and unfair in principle and vicious in operation, it will indeed be a sad day for Arizona if this second collection-agency law is placed upon the statute books.

## IS A HIGHWAY BOND ISSUE NECESSARY?

On November 2nd there will be submitted to the voters of Arizona for their adoption or rejection a proposed "state highway department finance bill," which re-enacts the ten-cent road levy, the gasoline tax, and increases the motor bus and truck tax. It also provides for a state highway bond issue of \$10,000,000.00 which would take effect whenever the constitutional limitation on the state's bonded debt is raised by that amount.

The history of Arizona and of other states in which the initiative and referendum prevails is full of examples of the fallacy of enacting revenue laws by vote of the people. Economic conditions undergo rapid and frequent changes, requiring constant adjustment of the revenue laws to meet requirements, while measures adopted by vote of the people cannot be amended or changed by the legislature without approval by the voters.

At the very self-same election at which it is being proposed that the people shall enact a hard and fast law governing highway receipts, a measure which if once approved can never be changed except by majority vote of the people, there is being submitted to the people a measure to repeal an obsolete game law, adopted by the people in 1916. At the time this law was adopted it was believed to answer all requirements of the situation, but conditions have changed, and the game protective organizations have been working for several years to have the law repealed so that a modern game law designed to meet new conditions can be enacted. BUT NOTHING CAN BE DONE UNTIL THE PEOPLE THEMSELVES REPEAL THE PRESENT LAW.

This is exactly the situation Arizona will be confronted with if the "state highway department finance bill" is approved on November 2nd. Highway revenues in Arizona will be governed by that measure, regardless of changes in conditions, and it will take a majority vote of the people of the state to effect a change. With economic and political conditions constantly changing, how is it possible to adopt a law at this time

with any assurance that it will fit conditions as they may exist ten years from now.

Take for instance the gasoline tax. Do the people of Arizona believe that a fixed and inflexible law placing the tax at three cents a gallon should be placed on the statute books? Conceding that it fits present needs is it not conceivable that conditions may arise in the future with reference to highway costs which would make it advisable to amend that law, either up or down. And who can say that an arbitrary schedule of taxation placed on motor bus and truck lines in operation in 1926 will be adequate or proper for this sort of traffic five or ten years from now?

### Highways Not Suffering.

Between June 30, 1915, and June 30, 1926, the amounts received for highway purposes in Arizona, as compiled from the records of the State Tax Commission and the State Auditor, amounted to \$56,199,966.73. In detail these items of revenue came from the following sources:

### Amounts received for highway purposes in Arizona from June 30, 1915 to June 30, 1926.

State and County Taxes.....	\$25,077,940.77
County Bond Issues.....	18,501,000.00
Motor Vehicle Fees.....	2,511,011.40
Gasoline Tax.....	2,661,493.82
Motor Bus & Truck Tax..	64,914.77
Federal Aid.....	6,901,040.86
National Forest Receipts to County Road Funds	482,565.11

Total .....\$56,199,966.73

It will be noted that the foregoing does not include other sources of highway revenue, such as the road poll tax receipts which go into the county road funds, rental of highway equipment by the state highway department, and other incidental income. Nor does it include the large amount spent by the Federal government in building roads through the National Forests in Arizona.

### Over Five Millions Yearly.

With average receipts of more than \$5,000,000.00 a year for the eleven year period, it would appear that there has been no dearth of finances for highway

purposes in Arizona.

When it is considered that of the fifty-six millions received during the past eleven years, \$18,501,000.00, or one-third came from the proceeds of county bond issues, to pay the interest and retire which at maturity the taxable property of the state is being annually assessed, it becomes apparent that the burden of direct taxation for highway purposes in Arizona is already high enough.

It will be urged by supporters of the state highway department finance bill that it greatly increases the tax on automobiles operated for hire, and thus tends to place the burden of highway maintenance more properly where it belongs. If this were all it did, it would be entirely deserving of support. But, in the language of its own backers, IT SETS THE MACHINERY FOR A BOND ISSUE, the aggregate amount of which burden, including interest, would impose on the taxable property of the state a lien of \$17,500,000.00.

In view of the amounts received in the past eleven years for highway purposes, the question may appropriately be asked as to why it is necessary that the bonded indebtedness of the state be increased by ten millions of dollars, as proposed by proponents of the "state highway department finance bill." With over five millions a year already forthcoming for highways, it will be especially hard for the people to understand just why they should pave the way for the state to assume an additional obligation amounting with principal and interest requirements to SEVENTEEN AND A HALF MILLIONS OF DOLLARS.

Although not without merit as to some features, the proposed highway finance bill should be defeated November 2nd, because:

Experience has demonstrated that revenue measures should be adjustable to meet changing conditions. If adopted this measure can only be changed by majority vote of the people.

It paves the way for a state bond issue of \$10,000,000.00 which would result in placing an additional burden of \$17,500,000.00 in principal and interest on the taxable property within the state.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

VOLUME THIRTEEN

PHOENIX, ARIZONA, NOVEMBER, 1926

NUMBER ELEVEN

## TOTAL ASSESSED VALUATIONS OF ALL COUNTIES OF ARIZONA FOR THE YEAR 1926 AND PERCENTAGE OF TOTAL STATE VALUATION

County	Assessed Valuations	Percentage of Total State Val.
APACHE .....	\$8,739,092.00	1.34%
NAVAJO .....	\$10,828,373.00	1.66%
SANTA CRUZ .....	\$11,953,504.00	1.83%
GRAHAM .....	\$11,993,206.00	1.83%
MOHAVE .....	\$15,169,636.00	2.32%
COCONINO .....	\$20,089,113.00	3.08%
YUMA .....	\$23,119,500.00	3.54%
GREENLEE .....	\$23,146,182.00	3.54%
PINAL .....	\$54,226,642.00	8.30%
PIMA .....	\$69,185,572.00	10.59%
GILA .....	\$82,801,627.00	12.68%
YAVAPAI .....	\$93,394,465.00	14.30%
COCHISE .....	\$108,563,443.00	16.62%
MARICOPA .....	\$119,953,042.00	18.37%
	<hr/>	
	\$653,163,397.00	100.00%

The above table shows the final assessed valuation of the taxable property of each county in the state as fixed for the tax rolls of the present year, and upon which all state and county taxes are levied for the purposes of the fiscal year 1926-1927.



## EDITORIAL COMMENT

### VICIOUS PROPOSAL DEFEATED

That the people of Arizona were thoroughly alive to the viciousness of the proposed automobile tax reduction law was demonstrated on November 2nd, when by a vote of 11,081 for and 41,494 against this measure went down to defeat.

A vigorous campaign to acquaint the people of the state with the unfair and extravagant provisions of this so-called "Automobile Tax Reduction Law" was initiated by this Magazine, and through the cooperation of the farm bureau organizations of the state, the Arizona good roads association, and a large section of the press, throughout the State, the real effect of the proposal was made known to most of the people of the state

before election day.

It is very evident from the tremendous majority cast against this proposal that the people of Arizona are overwhelmingly opposed to any shifting of the burden of taxation. They are not going to permit one class of property to be favored at the expense of the others, nor are they going to permit twenty million dollars' worth of property, which is constantly engaged in adding to the expense of highway construction and maintenance, to escape its just share of taxation.

The vote on this measure also showed that the people of Arizona are unalterably opposed to the creation of any more extravagant state commissions or de-

partments, such as this law proposed to create.

The fact that the law was proposed as an initiated measure, which if it carried could only be repealed or amended by the expensive and cumbersome method of submitting it again to the people, was another factor which undoubtedly served to arouse public opposition.

It is to be hoped that the proponents of this law will consider the question entirely settled by the decisive majority cast against this proposal, and that no effort will be made to induce the legislature into a time-consuming consideration of this or any other similar proposal designed to exempt any class of property from its just share of the burden of taxation.

### No Bond Issues Wanted

Defeat of the Highway Finance Bill, which had been placed on the ballot at the general election, through the efforts of the state highway department and the Arizona Good Roads Association, was so decisive as to indicate beyond the shadow of a doubt that the people of Arizona are opposed to any additional bond issue at this time. The measure was defeated by a vote of 40,622 no to 8,423 yes.

Although it included within its provisions the reenactment of the gasoline tax law, the 10 cent road levy and the motor bus and truck tax, all of which are generally regarded as proper measures for the raising of revenue for the construction and maintenance of the highways, the real purpose of the proposal was the floating of a ten million dollar state bond issue for roads. Although a constitutional amendment would have been necessary to make the bond issue provision effective the people

showed in no uncertain manner that they were unwilling to take a chance by adopting the law as drawn.

The danger of passing such a law, which would have paved the way for a state bond issue, was repeatedly pointed out by this Magazine, and in the closing days of the campaign the Arizona Good Roads Association, which had sponsored the scheme, repudiated its action and called upon the voters of the state to defeat the bill. Mistakes made in drafting the bill, including what was said to be a typographical error, increasing the tax on auto stage lines ten-fold, were given by the Good Roads Association as reasons for withdrawing its endorsement. In addition, the owners and operators of stage lines, alarmed at the prospect of an enormous increase in their taxes, waged a vigorous campaign against the measure.

It is almost certain, however, that this proposal, with its typographical errors

corrected, and with its Siamese twin, the necessary constitutional amendment, will be introduced at the next session of the legislature, and that the lawmakers of the state will be urged to submit to the people, probably at an expensive special election, almost the identical question which has just been very definitely decided in the negative.

Now is the time for the taxpayers of the state to impress upon their representatives in the legislature, regardless of political affiliations, that they do not need nor want any measures adopted which will pave the way for a state bond issue. If every reader of this Magazine will appoint himself or herself a committee of one to write to his or her representative or senator, protesting against the passage of any legislation leading to a state bond issue, there need be no anxiety on the part of anyone that such a measure will be adopted.

# Let There Be No Misunderstanding

Now that the election is over, and the members of the Eighth State Legislature have been selected by majority vote of their respective constituents, it is altogether likely that those whose responsibility it will be to pass on legislation during the approaching session will find themselves importuned by this and that person or group who for reasons best known to themselves desire action of one sort or another at the coming session. Those who have formerly served in the state legislature may know from past experience what to expect, for they have heretofore experienced the flood of requests that they vote for this, that or the other proposal when they "get to Phoenix."

It is probable that most of those who have formerly served in the legislature will realize that all of the schemes, plans, proposals and projects which will be urged upon the law-makers at the coming session are not necessary, and that they will not lend their influence to furtherance of measures which tend to unnecessarily increase the cost of government, or at best merely serve to encumber the statutes with additional useless laws. But what of the new member of the Legislature—will he not be told by this and that group that this or that scheme is of primary importance to the preservation of the public peace, health and safety, and implored to pass without delay the particular panacea that is being urged?

Unquestionably the members of the legislature, both new and old, will be implored to approve appropriations for the carrying on of all sorts of activities of this, that or the other state department, board or commission. They will be told that the party platforms have committed them to the furtherance of this, that or the other program of legislation, and that for them not to vote in favor of the proposal will mean that they have repudiated their party's platform, and political ruin for themselves, as individuals.

## The Paramount Issue

It would be well if each and every member of the legislature would go to the session firmly imbued with the thought that regardless of so-called issues of the recent campaign, regardless of party platform pledges of this or that program, regardless of the alleged necessity of saving the Colorado river for future generations, that THE ONE

PARAMOUNT ISSUE BEFORE THE PEOPLE OF ARIZONA TODAY IS THE REDUCTION OF TAXES.

From every corner of the state, from every line of industry and commerce, there is but one cry. It is the cry of the farmer, bending beneath a burden of state, county and special district taxes that is becoming almost unbearable. It is the cry of the cattleman, and the sheepman, struggling as they are to recover from the almost unprecedented depression of the past several years. It is the cry of the mine owners and operators, striving under the handicap of heavy taxation to compete in a world market in which their competitors pay almost no taxes. It is the answer of the railroad companies, of the merchant and the business man when assault is made on the cost of transportation and of living. From every quarter comes the same refrain, "Our taxes are so high that we cannot make a living, we cannot compete in world markets, and if taxes continue to increase as they have been increasing we will have to quit."

## A Cry All Should Hear

In the face of that cry, and of the situation of which it is a true reflection, it is hard to believe that there breathes "a man with soul so dead" as to turn a deaf ear, and to lend his support to any scheme which will add the weight of one straw to the burden. Yet if past experience is any criterion, there will be members of the next state legislature, just as there have been in the past, who will lend their influence, for selfish reasons, to the furtherance of measures which are not only unnecessary but actually certain to increase the cost of government.

## Time—Consuming Expense

One of the best ways the legislator can help to reduce taxes is by conserving the time and expense of the legislature itself, limiting consideration to only those measures which are of real importance to the state, and dispensing with the horde of attaches usually employed. The cost of a legislative session is upwards of \$100,000.00 and with the membership of the lower house increased to 52, it is likely that the appropriations proposed for the coming session will run considerably in excess of that figure.

It is a vicious tradition that each member must be accorded the privilege of naming at least one attache, and as it

turns out there are frequently a score or more of legislative employees who are utterly lacking in qualification for the work they are supposed to perform. The actual work is done by a few who more than earn their daily stipend, and the others, alas too often, merely answer to the roll call, and sign the payroll every Monday morning.

## Appropriation Bill Comes First

The practice of postponing action on the general appropriation bill until the closing days of the session is one of the worst features of our legislatures as they have been conducted in the past. Although it is required by statute that the appropriation bill be introduced and given consideration early in the session, yet this has been a dead letter in the past, and taxpayers have footed the bill for the "jockeying" that has been carried on.

What would happen if a member of the legislature, or a group of members of the legislature would resolutely oppose the employment of a single unnecessary attache, would insist on paring the appropriation for the expense of the session down to the very lowest amount needed, and would demand that the general appropriation bill be given consideration and passed on final reading before final action were taken on a single measure? The politicians it is true would denounce such a program as unprecedented, and they would be right. But the people at home, who have to pay the bills would rise up and call him blessed.

## The Need Of The Hour

Let there be no misunderstanding as to the real issue before the members of the legislature and the people of Arizona. The need of the hour is for a degree of earnest and sincere cooperation on the part of all the industries in the state, to the end that taxes be reduced in every way possible consistent with efficiency in the administration of public affairs. Diverse as are the various industries in Arizona, this is a program in which they can unite, and work for not only a fair and equal distribution of the burden that must be borne, but also through cooperation see to it that that burden is reduced in the interest of the well-being of all.

The people of Arizona are looking to the members of the Eighth legislature for the degree of cooperation which will afford them relief. Let them not be disappointed.



## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription NOVEMBER, 1926 50 cents

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## County Taxes Show Large Increase

An increase of \$308,564.00 in the amount to be raised by taxation for county purposes during 1926 as compared with the amount required in 1925 is shown in the following table, prepared from figures compiled by the State Tax Commission. It will be noted that only three counties show a reduction in the amount to be raised by direct taxation, and that the other eleven counties of the

state all show increases.

It should be understood, of course, that the amounts given in the following table do not include revenue received by the counties from sources other than direct taxation, such as the gasoline tax, fees, fines, etc. The amounts given are merely those to be raised by direct levy on the taxable property within the county. The table follows:

County.	Amt. Raised by Taxation, 1925.	Amt. to be Raised by Taxation, 1926.	Increase or Decrease.
Apache .....	\$ 184,759.00	\$ 180,025.00	\$ 4,734.00 D.
Cochise .....	594,806.00	673,093.00	78,287.00 I.
Coconino .....	214,885.00	221,101.00	6,216.00 I.
Gila .....	664,387.00	724,017.00	59,630.00 I.
Graham .....	210,395.00	233,868.00	23,473.00 I.
Greenlee .....	255,852.00	282,383.00	26,531.00 I.
Maricopa .....	1,692,326.00	1,715,328.00	23,002.00 I.
Mohave .....	292,547.00	313,405.00	20,858.00 I.
Navajo .....	200,608.00	220,422.00	19,814.00 I.
Pima .....	815,008.00	837,145.00	22,137.00 I.
Pinal .....	493,704.00	511,358.00	17,654.00 I.
Santa Cruz .....	198,451.00	196,384.00	2,067.00 D.
Yavapai .....	708,371.00	700,458.00	7,913.00 D.
Yuma .....	395,099.00	420,775.00	25,676.00 I.
	\$6,921,198.00	\$7,229,762.00	\$308,564.00 I.

## Railway Taxes Continue To Mount

The extent to which the burden of taxes in this country has increased during the past seven years is perhaps not generally realized. There are many evidences that a substantial increase has taken place, but it is only when definite figures compiled by recognized authorities are forthcoming that the actual extent to which the burden of taxation has grown becomes apparent.

There has recently come to our attention a comparison prepared by the Bureau of Statistics of the Interstate Commerce Commission concerning the operating revenues, operating expenses, taxes and net railway operating income for class 1 roads of the United States and for the eastern, southern and western districts separately. This comparison is of revenues, expenses and tax in 1925 with the average of such items during the three years ending June 30, 1917, which period was used by the United States in measuring the just compensation of railway companies for use of their property during Federal control.

While the increase in revenue per ton

mile in 1925 over the test period was 53.8 per cent, the increase in operating expenses was 61.2 per cent, and the increase in taxes 88.2 per cent. For the western district the increase in revenues was 42.2 per cent, in operating expenses 52 per cent, and in taxes 66.7 per cent per ton mile.

One western railroad showed an increase in revenue per ton mile of 34.3 per cent, in operating expenses 51.7 per cent and in taxes 91.5 per cent.

The increase in revenue per passenger car mile in 1925 over the test period (3 years ending June 30, 1917), was for the United States 38.8 per cent; in operating expenses the increase was 78.8 per cent; and the increase in taxes per passenger car mile for the United States was 103.3 per cent.

For the western district, revenue per passenger car mile showed an increase of 21.2 per cent, while operating expenses increased 75.7 per cent, and taxes 91.2 per cent.

One western road, the same one above referred to, showed an increase in pas-

senger car mile revenue of 33 per cent, but its operating expenses per passenger car mile increased 42.3 per cent, and taxes increased 82.4 per cent.

The statement shows a decrease in net income per passenger car mile in 1925 compared with the test periods of three years of 62.8 per cent. In the western district the decrease was 111.4 per cent, a deficit of fourteen million dollars being incurred.

It is interesting to note that not only have the operating expenses of the railroads increased in much greater proportion than their revenue, but that the percentage of increase in taxes has been much greater than the increase in operating expenses.

As has been stated before in this Magazine the railroads pay 15.8 per cent of the total state taxes in this state, they are entitled to a fair return on their investment, and excessive taxation of the railroads cannot fail to act as a deterrent of industrial and agricultural development.

## Closing Chapter of Expensive Adventure

It is regrettable that all the people of Arizona, could not have been present recently at the Sheriff's sale held at the court house in Apache county, when 6,431 acres of land lying under the Lyman Dam project were sold.

When the sheriff called for bids, the highest offer received from any of the citizens present was \$1.00 per acre for an 80 acre tract, and when it appeared that the sheriff would knock it down at that figure, the bidder promptly withdrew his offer. The next best bid, according to reliable reports from the sale, was one of 25 cents an acre.

And now, to the embarrassment of those in whose hands was placed the responsibility for guarding the trust funds of the state must be chronicled the outcome of this sale. For the State of Arizona, mortgagee of the lands, bid them in at a flat price of \$45.00 per acre, or a total price of \$289,395.00 to **partially** satisfy its judgment under foreclosure proceedings.

The tracts sold were formerly owned by the Lyman Land Company, a Denver corporation, which held three-fifths of the Lyman Project. Water has never been applied to most of the land sold at this sale, nor could it be so applied without an enormous expense in repairing canals and building siphons and flumes. The actual amount of the judgment against these lands was approximately \$10.00 per acre more than the State's bid, but as personal service was not had

on the numerous "dummy" defendants, non-residents of the state, and as the Lyman Land Company was not a guarantor in any instance of the notes or mortgages foreclosed, possibility of the state realizing anything from such deficiency is virtually non-existent.

The total amount loaned by the state on the 14,000 acre tract comprising the Lyman Project is given as \$629,672.66 of common, school funds, money received by the state to be held by it in trust for the education of the youth of the commonwealth. No one who is even slightly familiar with the situation affecting the Lyman Project and the possibility of repayment of the loans made thereon can possibly be optimistic over the chance of recovering any of this money.

With all due respect to those who authorized the loaning of state funds on this project, it must be said that they were actuated more by sentiment than by good judgment, and that consideration of political expediency rather than sound business principles appear to have governed their actions. It is deplorable that any state money should have been loaned on any project the feasibility of which had not been thoroughly demonstrated. It is even more deplorable that after state trust funds were so loaned, the state should have continued to "throw good money after bad."

The people of Arizona cannot but sympathize with the bona fide settlers

in their efforts to make this project a success. Foreclosure by the state on the tract of 6,431 acres recently purchased at Sheriff's sale merely transfers title to the state of approximately 43% of the acreage involved. It is certain that an effort will be made at the next session of the legislature to arrive at some adjustment which would enable those who are living on the land to continue their efforts without fear of foreclosure and ejectment. This Magazine does not believe that any citizen of Arizona would vote to expel these people from the lands upon which they are located but the Lyman Dam settlers should appreciate the fact, which the people of Arizona are beginning to realize, **that nearly three-quarters of a million dollars of state trust funds have been lost in an effort to make this project a success, and that this money, which rightfully belongs to the schools of the state, is probably lost forever.**

It is inconceivable that the State of Arizona should invest another dollar in this or any other similar project. If there is any possible way that the bona fide settlers may arrange to continue without the paternalistic assistance of the state and to eventually pay back in part the money that has been loaned to them, it is to be hoped that such a way will be discovered.

Meanwhile we have with us an outstanding example of the misuse of public trust funds.

## When The Tax Brake Is Taken Off

A striking illustration of the results which can be attained, once the burden of taxation is materially reduced or removed, has been afforded the citizens of Phoenix through change in ownership of that city's street railway system. For years Phoenix has had what has been denominated the poorest street car system in the southwest, and for a considerable time the people of Phoenix have been agitated over the problem of devising some means for its improvement, if it were to be continued in operation.

The situation finally reached the point at which private ownership was declared to be impossible, and the owner of the system offered to dispose of it to the municipality at an appraised "junk value."

As suspension of service was imminent, and in order to meet the exigency of the situation, the city authorities voted to purchase the street car line, not with the idea of engaging permanently in municipal operation, but mainly in order to assure continued operation until such time as private capital could be interested in the enterprise.

To the surprise of the people of Phoenix, if not that of the city officials, the street car system with no increase in fares, has been able to repay to the city treasury out of earnings, practically the entire amount of the purchase price, within a comparatively short period, and is actually affording better service than under private operation. That such results have been accomplished is said to

be due to the fact that the system being now municipally owned, has been relieved of all taxation, and is therefore exempt. In other words it appears that the burden of taxation in this instance constituted the difference between operation at a loss and operation at a profit, and as soon as that handicap was removed it became possible to continue service without incurring an increasing deficit.

The situation arising out of the acquisition of the Phoenix street railway system by the city will serve to demonstrate to the people of that city in a way which they will not soon forget the handicap under which private industry and enterprise is compelled to operate by reason of excessive taxation.



# Highways' Share of Taxes 17 per cent

There is published herewith a statement showing the amount of taxes raised for all purposes, and the amount and the percentage of such taxes expended for highway purposes in the state of Arizona during the years 1915 to 1926 inclusive. The average percentage of the total taxes for the twelve-year period covered by this statement is 17.39 per cent.

The total taxes given in the following table include taxes for all purposes, state, county, city and town, and special district taxes, while the amount of taxes expended for highway purposes includes only the taxes raised by the state and the various counties of the state for general road funds, for highway construction

and maintenance, and for the interest and redemption of road bonds. They do not include funds raised by city taxes for the operation of city street departments, as such funds are used mainly for street cleaning, garbage removal and sewer work.

The total of taxes for all purposes shown in the following table does not include assessments to defray the cost of street paving in cities, practically all of which is paid for out of funds raised by special paving bonds issued against the abutting property. The interest and redemption payments on these bonds are not carried on the general tax roll, nor included in the total taxes for all purposes.

The table follows:

## Amount of Taxes for All Purposes and Percentage of All Taxes Used for Highway Purposes in Arizona for the Years 1915 to 1926 Inclusive.

Year	Total Taxes All Purposes	Taxes for High- way Purposes	Percentage of total Taxes
1915	\$ 6,823,686.06	\$ 915,079.45	13.41%
1916	6,739,942.45	836,506.50	12.41%
1917	9,562,941.13	1,586,628.79	16.59%
1918	9,999,909.52	1,684,572.07	16.85%
1919	13,629,162.51	2,391,715.47	17.55%
1920	15,356,792.87	2,202,385.68	14.34%
1921	17,431,558.85	3,547,577.74	20.35%
1922	14,617,163.08	2,905,199.22	19.88%
1923	16,206,616.49	3,451,409.16	21.30%
1924	15,155,574.81	2,734,623.05	18.04%
1925	17,685,369.00	2,856,260.00	16.15%
1926	17,696,651.00	2,871,195.00	16.22%
Total	\$160,905,367.77	\$27,983,152.13	17.39%

Total Taxes for all purposes includes State, County, City and Town, and Special District Taxes.

# Second School Apportionment

A total of \$388,368.54 has been apportioned to the various counties of the state school fund, the apportionment being due October 11th. By reason of the fact that the state is temporarily without cash money, distribution of this school apportionment will necessarily be postponed until a later date, and in all probability will not take place before December.

The amount which each county will receive under the recent apportionment, the second to be made during the current fiscal year, follows:

County	Amount
Apache .....	\$ 10,109.28
Cochise .....	54,642.10
Coconino .....	9,232.95
Gila .....	36,017.45
Graham .....	14,973.40
Greenlee .....	12,922.35
Maricopa .....	121,019.08
Mohave .....	4,514.88
Navajo .....	13,563.70
Pima .....	42,538.92
Pinal .....	16,160.85
Santa Cruz .....	10,121.96
Yavapai .....	26,549.52
Yuma .....	16,002.10
	<hr/>
	\$388,368.54

The amount of the apportionment is determined as follows:

Balance in state school fund .....	\$ 29,998.03
Receipts from other sources than taxation .....	32,920.51
One fourth of total tax raised by State School Levy .....	355,450.00
	<hr/>
	\$418,368.54
Less	30,000.00
	<hr/>
	\$388,368.54

# QUESTIONS AND ANSWERS

## Q. How are private car lines assessed and taxed in Arizona?

A. The valuation of private car lines operating in or through the State of Arizona is fixed by the State Tax Commission, the basis of the valuation in each case being the receipts of the various car lines from business within the state or beginning or ending within the state. The law requires every private car line to file a report with the state tax commission between June 30th and September 1st each year, giving the entire receipts from Arizona business and the proportion of such receipts bear to the total receipts of the private car lines. A complete statement of the mileage traveled by the company's rolling stock within the state during the year ending on June 30th is also required, and the num-

ber of cars used. From this data the tax commission proceeds to fix the valuation on the property of the private car line for taxation purposes.

On the valuation as determined by the tax commission, which must be certified to the state treasurer on or before the first Monday in October, a tax rate equal to the average rate of levy for all purposes in the several taxing districts of the state for the current year is applied.

For the current year, 1926, the valuation of private car lines operating within the State of Arizona has been certified as \$3,089,213.00. The average tax rate for the state this year is \$2.71 per \$100.00 of valuation, and the total taxes paid by private car lines to the state will be \$83,717.65. This amount is paid

into the general fund of the state, and must be paid not later than the third Monday in December. Failure to pay imposes a penalty of 10 per cent interest for each subsequent month in which the tax remains unpaid, and if the taxes are not paid within 60 days after the due date, it is the duty of the state treasurer to seize and sell for taxes sufficient property of the private car line to pay the taxes, penalties and costs.

The Pullman Company is the largest private car line operating in the state in the amount of taxes collected. Its valuation for the current year is nearly a million and a half, and it will pay into the state this year in taxes, \$39,394.32. The Pacific Fruit Express, with an assessed valuation of \$1,345,308.00 will pay \$36,457.85 in 1926 in taxes.

## What A Budget Is Not

Newly-elected members of the legislature, who will assemble next January, will find themselves confronted with the state budget for the ensuing biennium, from which they will be expected to determine the amount of the appropriations to be made from public funds raised by taxation to meet the requirements of such budget.

In this connection, it may be appropriate to outline briefly for the benefit of those who are members of the legislature for the first time some of the qualifications of a budget. In the first place it should be stated that the public budget is not merely a list of items connected with public activities and business, or a list of the estimates by the heads of the various departments of the state government as to the amounts which they desire made available for expenditure.

Any carefully and intelligently prepared budget should consist of an itemized list of only those items which are indispensable to the carrying on of the governmental agencies **actually necessary for the general welfare of the public.** It should not include any unnecessary items of expenditure, no matter how desirable they may appear to those who

would like to have them provided. In other words, every single unnecessary activity should be eliminated in the preparation of a budget.

After the budget has been limited strictly to necessary activities, it should be carefully reviewed for the purpose of reducing each item to such an amount as will properly accomplish the purpose desired, if the expenditure is devoted entirely to that object, and expended wisely and economically. There should be no allowance for extravagance or waste in any item. This is one of the most important tests to apply to the list of needs as submitted by the various state departments. To apply it successfully requires inquiry into the receipts and income of each department from sources other than taxation, as well as the necessity of continuing all present activities of each and every department, and determination as to whether through the consolidation of certain officers or departments, duplication of effort and expense cannot be avoided and marked economies cannot be effected.

The final test to be applied to the budget, and which can be applied only by the members of the legislature, is consid-

eration as to the financial ability of the tax payers to bear the tax burden which will be occasioned by the making of the appropriations as outlined. The question as to what the public can really afford to pay, for each of the activities contained in the budget should be considered paramount. For if agriculture, industry and commerce are unable to meet the burden which is placed upon them, the percentage of delinquent taxes will be found greatly increased, with the result that a still greater burden will be placed upon those individuals and industries which have paid their taxes, and in the end the financial structure of our government will be brought to the verge of collapse.

**IT IS ONLY BY APPLYING THE ACID TEST OF NECESSITY TO THE IDEAS AND REQUESTS MADE ON BEHALF OF VARIOUS ACTIVITIES AND DEPARTMENTS THAT THE MATTER OF APPROPRIATIONS MAY BE PROPERLY ADJUSTED AND DETERMINED TO THE END THAT GOVERNMENT SHALL FUNCTION WITHOUT IMPOSING AN UNBEARABLE BURDEN UPON PRIVATE TAXPAYERS.**



# Delinquent Tax Legislation Needed

A comparison of the amount of delinquent taxes out standing four years ago and at the present time, shows that in spite of such efforts as have been put forth in some of the counties of the state to bring about the collection of back taxes, the aggregate amount continues to increase.

This Magazine has repeatedly called attention to the fact that the enormous sum of taxes delinquent in this state has resulted in a demoralizing of state finances and has produced a condition manifestly unfair to the taxpayers who meet their obligations.

When at the end of a fiscal year it is ascertained that by no means all of the taxes anticipated and required to meet the expenditures for that year, have been paid, it then becomes necessary for more taxes to be levied in the ensuing year to meet the deficit thus created. Thus it comes about that the man who has paid his taxes finds himself taxed more heavily to make up for the delinquency of his neighbors.

One of the underlying causes of delinquent taxes is the continuance on the tax rolls of property which has been abandoned, and on which no taxes can be collected. It is safe to say that there is a large amount of property carried on the tax rolls of the state which should be stricken for the reason that it is no longer occupied, and the owners thereof are unknown. This condition is not peculiar to Arizona. There are many abandoned efforts at homebuilding throughout the western states, where public lands have been entered and improvements made, but for one reason or another the hopes of the entrymen have not been realized, and such lands have become vacant. Originally listed on the tax rolls, these lands continue to be carried year after year and the taxes thereon help to swell the total of delinquent taxes.

There can be no good reason for carrying abandoned lands on the tax roll,

and all such property should be carefully searched out and dropped, in order that the tax officials may not be misled.

There are also other classes of property upon which a large amount of taxes is delinquent. One consists of state lands which have been sold in long-term contracts to purchasers who bought with the idea of speculating. Following the sales of these lands, they were placed on the tax roll but it was found that the lien of such taxes could not be enforced until the lands were finally paid for and the title actually vested in private owners. For this reason none of these lands can be depended upon as sources of revenue although in many counties they continue to be carried on the tax roll just as though owned in fee simple.

Another class of property on which taxes in many cases are delinquent is property which has been mortgaged for more than its actual present sales value. The situation with respect to this class of property is that while a certain equity in it is constantly changing hands, the purchasers getting all they can out of the land while they hold it, and then disposing of it for a sufficient consideration to stave off foreclosure, no one is sufficiently concerned to pay the taxes, which continue to remain delinquent.

To meet the situation outlined above, this Magazine has heretofore suggested and now repeats its suggestion, that there is genuine need of legislation along the following lines:

(1) In every case of sale of state land upon time contracts, the purchaser thereof, in addition to making initial payments upon such purchases, should be required to give a bond conditioned that taxes assessed against the interest of such purchaser in such lands be paid without delinquency.

(2) That in cases where the taxes assessed upon any item appearing upon the tax-rolls, became and remained delinquent for each of three successive

years, it be stricken from the tax rolls with the sanction of the county board of equalization, if to that board the property appeared to be of no real value.

(3) That the record of any deed, contract, or other instrument, purporting to transfer an interest in the legal or equity title of lands or improvements upon lands, be prohibited, except upon a showing to the county recorder that all state and county taxes have been paid for each of the five years preceding the date of such instruments.

(4) That suits for foreclosure should be predicated upon a showing made to the court that taxes upon the property involved have been paid to the date of instituting such suits.

In any legislation that is enacted, provision should be made for the most simple and direct method possible under which, at the least possible expense, due process of law may be complied with, and the rights of the state and of the owner properly safeguarded. Here is an opportunity for a member or members of the legislature to earn the lasting gratitude of the citizens of the state by framing legislation which will provide for the collection of delinquent taxes or the sale of property so affected with a minimum of delay and expense to the public.

In this connection, the tax suit laws of other states, older than Arizona, whose provisions have successfully stood the tests of constitutionality and been tried in the fires of litigation, might be carefully scanned and their best features embodied in a measure which will adequately take care of this pressing problem.

This Magazine through its legal department will be only too willing to render all assistance possible to the legislature or its members to the end that the needed legislation to cope with this situation may be promptly and properly enacted.

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Permit No. 18  
Phoenix, Ariz.

ECONOMY IN THE EXPENDITURE OF PUBLIC MONEY

# ARIZONA TAXPAYERS MAGAZINE

A MONTHLY MAGAZINE DEVOTED TO THE INTERESTS OF ARIZONA TAXPAYERS

JAN 15 1927

VOLUME THIRTEEN

PHOENIX, ARIZONA, DECEMBER 1926

NUMBER TWELVE

## A TIMELY RESOLUTION

The close of the year is a fitting time for taking stock, for ascertaining actual accomplishments, and weighing results attained, in order that the uncharted sea of the new year may be embarked upon with intelligent purpose and plan. It is a time for the taking of inventory and the making of good resolutions, in order that the full benefit of the valuable lessons learned in the school of experience may be carried forward into the year that is to come.

The extent to which the cost of state government has increased during the past ten years is graphically shown in a comparative statement presented in this issue of the Magazine. In the face of this statement, and with conditions in Arizona as they are today, in agriculture, industry, and commerce, it is apparent that any further increase in the burden of taxation, either direct or indirect, will operate as a great hardship upon those who are bearing the burden of expenses of government.

It would seem therefore, an appropriate time to suggest as a new year's resolution for the members of the legislature, to whom the people of the state are earnestly looking for relief, that they will zealously guard the trust imposed upon them, in order that every economy consistent with efficiency and good government may be promptly put into effect, and that in those instances in which items of appropriation cannot in good conscience be reduced, there will at least be no increase over past expenditures.

If there is incorporated in this resolution, the resolve that the same business principles shall be applied in public affairs as are necessary for the conduct of private enterprise, and that the state, the counties, the school districts and the cities and towns must and shall receive one hundred cents of value for every dollar spent, whether for construction materials, supplies or labor, then the new year will indeed be a happy one for the people of Arizona.



# Bonded Debt Still Increasing

The bonded indebtedness of the state of Arizona and its political subdivisions increased \$330,361.81 during the year ending June 30, 1926, and on that date totalled \$47,874,950.94 according to figures compiled by the State Tax Commission.

Bonded indebtedness of the state itself showed no increase, and general county bonds showed a decrease of \$330,500.00 during the last fiscal year covered by the statement. However this decrease was more than offset by in-

creases in special district bonds and in the bonded indebtedness of cities and towns. Special district bonds showed a net increase of \$93,675.00, while the municipalities of Phoenix, Globe and Tucson added to their bonded indebtedness an amount sufficient to increase the net amount of this class of outstanding obligations by \$567,186.81.

The total outstanding bonded indebtedness of the state and its various subdivisions on June 30, 1926 is given in the following table:

<b>State Bonds</b> .....	<b>\$ 747,972.43</b>
<b>General County Bonds</b>	
Road Bonds .....	\$17,559,000.00
Court House & Jail	
Bonds .....	474,000.00
High School Bonds ....	155,000.00
Hospital Bonds .....	80,000.00
Funding Bonds .....	2,417,169.57
	<b>\$20,685,169.57</b>
<b>Special District Bonds</b>	
School District Bonds ..	\$11,863,975.00
Drainage District	
Bonds .....	289,000.00
Irrigation District	
Bonds .....	2,588,000.00
Power District Bonds ..	630,000.00
	<b>15,370,975.00</b>
<b>City and Town Bonds</b> .....	<b>11,070,833.94</b>
<b>TOTAL</b>	<b>\$47,874,950.94</b>
Annual Interest Charge .....	\$2,631,470.00
Average Interest Rate .....	5.6 pct.

Counties decreasing their bonded indebtedness during the twelve month period ending June 30, 1926 were Co-chise and Pinal with reductions of approximately \$50,000.00 each, Gila and Yavapai with reductions of approximately \$100,000.00 each, Mohave with a reduction of approximately \$30,000.00 and Graham with a reduction of about \$35,000.00. In spite of these decreases in the amount of county bonds outstanding, the total burden for the state and all its subdivisions increased a third of a million dollars,

owing to the added burdens assumed by special districts and municipalities as above outlined, making the annual interest charge of \$2,631,470.00 the highest in the history of the state.

When it is considered that this is more than \$6.50 for every man, woman and child in Arizona, for interest alone, it will be seen that the burden of outstanding bonded indebtedness has attained enormous proportions. Estimating the population of Arizona at 400,000, it will be seen that to meet the interest charges alone on bonds issued by the

state and its various subdivisions, there is required a sum equivalent to nearly sixty cents per month from each and every inhabitant of the state. If this burden were distributed equally over all the people in the state, it will be seen that the average family of five would be called upon to pay approximately \$3.00 per month or \$36.00 per year, just to meet the interest charges.

There are many taxpayers who will say that the burden of these interest charges does not affect them, that although they pay state and county taxes, they are not affected by special district or municipal taxes. Yet, as has been previously pointed out in the columns of this Magazine, the burden is more generally distributed than most people appreciate. "No man liveth to himself," nor does any one community live to itself. The costs of state, county and school district administration are distributed universally, and all taxpayers find themselves within these units of government, contributing directly to meet their financial burdens. Indirectly they contribute also to the cost of municipal government, whether or not they live within the limits of any incorporated city or town, for those who live and conduct business within the cities and towns are compelled to add the city taxes to their costs of doing business. As for the irrigation, power and drainage districts, those living within their boundaries are compelled to discharge the obligations incurred by such districts, and these costs are whenever possible included in the price of the things they produce for sale. So it is seen that the burden as a whole, although not evenly distributed, is in the main, a general burden, and is shared by the entire population of the state to a very large extent.

In the face of the steady and unremitting increase in the total bonded indebtedness, it is to be hoped that the members of the legislature, which will convene next month, will resolutely oppose any and all efforts made to induce them to authorize any additional appropriations, or to submit to the people any proposals calling for the issuance of additional bonds. It has been made known that a determined campaign is to be waged at the coming session in favor of a large state bond issue for highway purposes, in lieu of the state highway finance bill which was defeated by the

## ARIZONA TAXPAYERS' MAGAZINE

OFFICIAL ORGAN OF STATE TAXPAYERS' ASSOCIATION OF ARIZONA

Subscription DECEMBER, 1926 50 cents

OFFICERS STATE TAXPAYERS' ASSOCIATION OF ARIZONA

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people at the general election November 2nd, and there are reasons to believe that the legislature will also be called upon to approve appropriations for the construction of several additional state buildings both at Phoenix and elsewhere, for the housing of state commissions and institutions.

This Magazine has always favored such expenditures as are actually necessary in the interests of efficiency, but in a great many instances proposed expenditures when given the acid test of real and genuine necessity will be found susceptible of reduction, if not actual elimination. In view of the growing burden of bonded indebtedness under which the people and industries of the state are now struggling let the members of the legislature and the taxpayers exercise great caution and carefully scrutinize each and every proposal that calls directly or indirectly for the expenditure of public moneys, in order that the burden may not be increased beyond its present dimensions, and if possible, reduce as rapidly as consistent with efficient administration of public affairs.

Only by the exercise of the greatest economy can the great burden of public debt that is now weighing so heavily on the people of Arizona be reduced. The people of the state are looking to the members of the Eighth State Legislature for that relief.

## Protect Our Good Name

Arizona may well profit from a situation which has developed in two other western states, to the end that there may be no occurrence here of a condition which is causing considerable concern among the thinking people of Washington and Oregon. In each of these states bonds issued for public improvements have been defaulted, and although not direct legal obligations of the state governments themselves, the result has been an inestimable damage to the credit of those commonwealths.

In Oregon it appears that the bonds of certain irrigation districts are now selling at fifty cents on the dollar, and in some instances the interest is badly in default. As in Arizona, the bonds of irrigation districts in Oregon, must be passed on by a state board, composed of ranking state officials, and many persons have been led to invest their funds in these bonds on the theory that the state had carefully supervised all the proceedings, the construction work, water rights, land values, legality and other things pertaining to the security required by the investor. Those who purchased these bonds on the assumption that the state of Oregon had assumed the financial responsibility therefor are now finding that their trust was misplaced and that the approval of the State Irrigation Commission did not constitute the assumption of any obligation legal or otherwise by the state of Oregon, to make good any loss which might be incurred.

In the State of Washington there have been numerous unfortunate defaults on the part of local improvement bonds, the principal and interest of which were expected to be met out of assessments levied against the abutting property. Although not guaranteed by the municipalities which sanctioned the issuance of such bonds for the paving of streets, the result has been very detrimental to the credit of certain municipalities in the State of Washington.

There is cause for gratification in the fact that there has been no default in principal or interest of Arizona irrigation district bonds. However, those who have followed the situation in Oregon, where a state irrigation board is required to pass on and approve the issuance of irrigation district bonds, see possibilities of a similar situation in Arizo-

na, where the State Certification Board, comprised of the State Superintendent of Banks, the Attorney General, and the State Engineer, are required to examine into and approve all issues of irrigation district bonds. Unless the greatest care is used in guarding against ill-considered issues, the time will come when the State of Arizona will find itself, if not legally responsible, at least morally responsible, to the purchasers of bonds, the interest or principal of which cannot be paid. If that situation should arise, it might become incumbent upon the people of the state, in order to protect the credit standing of the state and its subdivisions, to make good any losses sustained.

In what has been written above there is no reflection on any irrigation district bond that has been approved by the State Certification Board and sold to investors, but it is evident from what has happened in the two northwestern states that a similar situation could very easily arise in the event that due care is not exercised by the state authorities whose duty it is to pass upon bond issues of this sort.

Everybody will agree that Arizona needs for its larger growth and development a great many new and thrifty citizens, and must have for many years to come a continuous inflow of cheap capital. In order to attract the needed population, there must be afforded here opportunities such as fertile lands at reasonable price, fair taxes and attractive employment and living conditions. Nor will capital be forthcoming for the development of Arizona's resources unless those furnishing same can be assured that they will receive proportionate returns for the risks they assume, and will be assured of the safety of their principal as well as prompt payment of the interest. If any bonds issued by irrigation districts or municipalities in Arizona should go into default, the financial loss to the state as a whole, through the impairment of its credit, will be inestimable.

It is to be hoped that all the citizens of the state will cooperate with members of our State Certification Board in protecting our good name to the end that the unfortunate condition which has arisen in Oregon and Washington may be avoided.



# A Review of Taxes for Ten Years

Considerable space is devoted in this issue of the Magazine to a comparative statement showing the amounts raised by taxation for state purposes during the ten fiscal years ending June 30, 1927. Ordinarily, lengthy statistical tables of this nature are published only every two years, but by reason of the fact that numerous requests have been received for the revised figures, and especially since the information therein contained will be found of great value by members of the legislature in their consideration of the needs of state departments for the next two fiscal years, it has been felt desirable to present the revised statement at this time.

It will be understood that the figures presented herewith represent the amounts raised by state levy during the years 1917 to 1926, inclusive. Generally speaking, there is included only such portions of the actual appropriations for state purposes as were derived from direct property taxes, although the appropriations include all amounts which are derived from all other sources of revenue as well as the amounts derived each year from taxes for state purposes.

The table as presented is intended only to convey to the taxpayers of the state the amounts which the taxpaying public has been called upon to contribute for state purposes. It does not attempt to show the actual amount of money expended for each of the purposes named, nor does it undertake to show the final distribution of the funds raised by taxation.

The grouping used in the table is such as has been generally accepted, and the subdivisions are those which have been made in various budgets over a period of years. There is also given the state tax rate per \$100.00 of assessed valuation and the total assessed valuation of the state for each of the years listed.

It will be noted under the net educational group that expenditures for common school purposes have more than doubled during the ten year period, having increased from \$752,500.00 to \$1,529,000.00. The amount of the state appropriation for the University of Arizona has increased from \$395,898.00 to \$690,315.00 and the total for the net educational group shows an increase of approximately \$1,150,000.00. The amount raised for common school purposes, will under existing laws con-

tinue to increase in proportion to the increase in average daily attendance in the public schools as the amount to be raised each year is fixed by statute at least \$25.00 per pupil.

Consideration of the increases shown in most of the activities listed under the "Net Educational Group" impels the suggestion that legislative bodies could profitably devote a great deal more attention to the study of the real needs of our common schools and higher educational institutions, and to the framing of legislation intelligently designed to meet those needs. In this way the purposes for which educational funds are to be employed would be controlled and regulated to the end that our school system might function with greater efficiency, and with less waste.

Heretofore a blanket appropriation of a fixed amount per capita has been considered an easy solution of the problem of the amount and distribution of the fund to be provided by taxation for the education of our youth, and as insuring equality of opportunity to the citizens of tomorrow, regardless of the county of the residence. Whether the state common school fund, raised on a per capita basis, really results in the creation of such a uniform system of common schools in the state, or whether its distribution through the control of nearly 500 district school boards actually tends to result in a great variation of educational standards, and in its expenditure for widely different purposes, is a question to which the members of our state legislature might profitably devote considerable attention.

The taxpayers of the state may be compared to the stockholders of a great corporation, and the members of the legislature to the directors of that corporation, charged with the responsibility of seeing to it that its affairs are wisely administered, and its future policies are formulated with the same intelligence and foresight that should be given to any large enterprise. The fact that the state when considered as a corporation, is not one operated for profit has unfortunately led to adoption on the part of many of its citizen stockholders consciously or unconsciously, of the idea that it does not matter "where the money goes" or how it is expended, a fallacy which unfortunately has found its way into the minds of some who in the past have sat in legislative halls.

The question may appropriately be put as to whether in any private enterprise a statement such as the comparison of expenditures over a ten year period which is presented herewith would not be subjected to the most searching analysis by the directors of the corporation, and the purposes and results of each and every activity scrutinized most carefully, to the end that any dead wood might be eliminated from the list of future expenditures. In the light of such a scrutiny would not the steady increase in the cost of education appropriately be examined into in minute detail, and a policy involving the application of business principles, be substituted for one of "getting rid" of the whole school finance problem by voting more or less blindly for a per capita blanket appropriation, in the vague hope that somehow or someday, about 500 local school boards whose policies may be and frequently are subject to local influences as diverse as their respective localities, will be able to provide for their students exactly the same equality of opportunity that could be provided under a centralized system, and do it more efficiently.

Would the board of directors of any privately owned corporation continue year after year to give a free rein to any one department or division of that business in the expenditure of a very large share of its annual budget, without intelligently examining into the efficiency of the system under which its funds were thus expended, or without endeavoring to improve results and reduce costs through centralized purchases of supplies and introduction of business principles?

Unless each and every department of government, including our educational system, is placed on a budget, carefully prepared to promote efficiency and economy, analyzed and reviewed by those capable of applying sound business principles thereto, and strictly adhered to, a statement such as the ten year record of appropriations published herewith is of virtually no value. A record of past mistakes is of value only as it may show the pitfalls to be avoided in the future. If the members of the legislature will devote serious consideration to the expenditures of past years, as disclosed herewith, they will be in a better position to pass on proposed appropriations for future activities.





# A Ten-Year Statement of Amounts of Appropriations for State Purposes, Showing Amounts Finally Raised by Taxation in Each Year

NET EDUCATIONAL GROUP	Year Ending June 30, 1918	Year Ending June 30, 1919	Year Ending June 30, 1920	Year Ending June 30, 1921	Year Ending June 30, 1922	Year Ending June 30, 1923	Year Ending June 30, 1924	Year Ending June 30, 1925	Year Ending June 30, 1926	Year Ending June 30, 1927
Common Schools .....	\$752,500.00	\$780,500.00	\$875,000.00	\$1,058,000.00	\$1,259,825.00	\$1,253,525.00	\$1,325,425.00	\$1,366,025.00	\$1,460,475.00	\$1,529,000.00
Vocational Education .....	52,000.00	86,924.00	254,840.00	371,616.00	113,998.00	92,660.00	81,100.00	81,100.00	81,100.00	81,100.00
University of Arizona .....	395,898.00	299,544.00	648,442.00	492,692.00	925,000.00	622,218.00	631,483.00	594,397.00	1,121,597.85	690,365.40
County Scholarships .....	2,100.00	2,100.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	14,000.00	7,000.00
Tempe Teachers' College .....	200,000.00	125,000.00	170,446.00	156,500.00	198,000.00	148,750.00	134,775.00	134,775.00	216,385.00	151,385.00
Northern Arizona Teachers' College .....	168,064.00	82,000.00	284,271.00	110,880.00	201,110.00	145,000.00	122,275.00	122,275.00	186,675.00	143,765.00
Historian .....	7,400.00	7,400.00	9,400.00	9,400.00	5,900.00	5,400.00	6,500.00	6,500.00	6,200.00	6,200.00
Pioneers' Historical Society .....	1,275.00	1,275.00	1,325.00	1,325.00	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00	1,440.00
Sub Totals .....	\$1,579,237.00	\$1,384,743.00	\$2,250,724.00	\$2,207,413.00	\$2,712,273.00	\$2,275,993.00	\$2,309,998.00	\$2,313,512.00	\$3,087,872.85	\$2,610,255.40
NET PUBLIC WORKS GROUP										
Roads and Bridges .....	\$966,500.00	\$937,000.00	\$1,435,500.00	\$979,500.00	\$1,319,403.00	\$416,010.00	\$938,000.00	\$649,879.30	\$650,145.85	\$653,163.40
Capital Building and Grounds .....	200,000.00	94,892.00	75,000.00	30,000.00	39,600.00	39,920.00	41,995.00	41,995.00	34,910.00	34,910.00
Water Department .....			25,000.00	15,000.00	51,600.00	44,800.00	23,103.19	19,500.00	58,000.00	56,900.00
Irrigation Projects .....	10,000.00		25,000.00							
Resources Board .....			10,000.00	10,000.00	10,000.00					
Smelter .....	1,000.00		5,000.00							
Cave Creek Flood Control .....			50,000.00		50,000.00					
Sacaton-Florence Power Line .....						50,000.00				
Sub Totals .....	\$1,177,500.00	\$1,031,892.00	\$1,625,500.00	\$1,034,500.00	\$1,470,603.00	\$550,730.00	\$1,003,098.19	\$711,374.30	\$743,055.85	\$744,973.40
NET AGRICULTURAL GROUP										
Agriculture and Horticulture Commission .....	\$21,000.00	\$21,000.00	\$35,450.00	\$32,675.00	\$68,000.00	\$46,170.00	\$52,400.00	\$52,400.00	\$100,000.00	\$100,000.00
Live Stock Sanitary Board .....	9,300.00	9,300.00	15,475.00	11,125.00	13,300.00	9,500.00	28,000.00	10,000.00	69,000.00	69,000.00
Sheep Sanitary Commission .....	5,500.00	4,500.00	5,500.00	4,500.00	7,500.00	7,500.00	7,500.00	7,500.00	9,100.00	9,100.00
Veterinarian .....	5,550.00	5,500.00	10,700.00	5,700.00	5,300.00	3,300.00	3,300.00	3,300.00	3,300.00	3,300.00
Eradication of Tubercular Cattle .....										
Land Department .....	70,000.00	70,000.00	55,250.00	65,250.00	47,550.00	44,813.00	65,428.00	63,928.00	64,520.00	64,520.00
State Real Estate Department .....										
U. S. Reclamation Service .....			50,000.00			2,600.00				
Dairy Commission .....		10,000.00	10,350.00	10,350.00	9,870.00	9,045.00	9,045.00	9,045.00	9,045.00	9,045.00
Rodent and Predatory Animal Control .....		25,000.00	50,000.00	50,000.00	25,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Immigration Commission .....	1,000.00		1,000.00	1,000.00	13,750.00					
Northern Arizona Fair .....	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00				
County Fair Assistance .....	10,000.00	3,000.00	14,000.00	14,000.00	14,000.00	5,000.00				
State Fair .....	113,689.00	68,341.00	69,000.00	83,571.00	107,669.00	75,000.00	76,021.00	76,021.00	73,350.00	73,350.00
Game Warden .....	4,000.00	4,000.00	4,000.00	4,000.00	5,200.00	5,200.00	5,200.00	5,200.00	2,900.00	2,900.00
Relief Navajo Horse Owners .....	2,423.00									
Water for Dry Farming .....			10,000.00						10,000.00	
Foot and Mouth Disease Emergency .....									3,500.00	
Scabies Emergency .....									15,000.00	25,000.00
Sub Totals .....	\$247,462.00	\$225,641.00	\$339,725.00	\$287,171.00	\$329,639.00	\$278,128.00	\$326,894.00	\$307,394.00	429,715.00	\$426,215.00
NET HEALTH, CHARITABLE AND PENAL GROUP										
Asylum for Insane .....	\$174,500.00	\$113,649.00	\$212,682.00	\$143,900.00	\$163,766.00	\$158,933.00	\$148,870.00	\$148,870.00	\$261,343.90	\$151,820.00
Pioneers' Home .....	22,000.00	19,000.00	78,213.00	64,045.00	54,437.00	51,510.00	57,880.00	56,880.00	66,160.00	56,160.00
Industrial School .....	45,000.00	71,104.00	209,000.00	53,800.00	55,000.00	58,175.00	58,310.00	54,710.00	64,010.00	60,110.00
Prison .....	162,000.00	145,456.00	169,845.00	191,000.00	155,500.00	162,905.00	168,760.00	165,260.00	185,310.00	144,610.00
Pardons and Paroles .....	1,000.00	317.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	750.00	750.00
Public Health .....	6,000.00	7,569.00	28,100.00	22,100.00	24,650.00	23,650.00	26,309.00	26,309.00	21,855.00	21,855.00
Laboratory .....	4,500.00	4,500.00	4,500.00	4,500.00	4,850.00	5,600.00	5,600.00	5,600.00	5,550.00	5,550.00
Dental Board .....	1,000.00	1,000.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00
Free Employment .....	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Child Welfare .....					30,000.00	30,000.00	29,400.00	29,400.00	30,000.00	30,000.00
Sub Totals .....	\$418,500.00	\$365,095.00	\$707,340.00	\$484,345.00	\$493,203.00	\$495,773.00	\$500,129.00	\$492,029.00	\$638,978.90	\$474,855.00
NET ADMINISTRATIVE GROUP										
Auditor and Banking .....	\$17,950.00	\$17,950.00	\$30,700.00	\$30,000.00	\$67,050.00	\$48,450.00	\$48,576.00	\$38,576.00	\$41,281.00	\$40,481.00
Board of Directors .....	75,000.00	57,064.00	34,600.00	34,600.00	25,000.00	20,060.00	16,300.00	16,300.00	13,075.00	13,075.00
Governor .....	17,150.00	22,400.00	36,600.00	32,100.00	32,300.00	30,760.00	41,225.00	31,525.00	40,633.00	35,483.00
Tax Commission .....	20,000.00	19,412.00	27,000.00	29,900.00	29,900.00	29,000.00	34,000.00	34,000.00	23,400.00	23,400.00
State Treasurer .....	7,600.00	7,100.00	10,200.00	9,700.00	8,950.00	29,075.00	20,000.00	20,000.00	19,050.00	19,050.00
Mine Inspector .....	15,900.00	15,400.00	17,600.00	17,600.00	19,150.00	17,150.00	20,195.00	19,495.00	19,125.00	18,375.00
Secretary of State .....	22,250.00	26,500.00	40,063.00	36,300.00	44,900.00	45,095.00	40,095.00	36,150.00	49,989.61	46,200.00
State Examiner .....	6,500.00	6,500.00		9,000.00	9,000.00	9,300.00	22,900.00	22,900.00	18,300.00	18,300.00
Corporation Commission .....	39,120.00	39,120.00	49,120.00	49,120.00	60,000.00	63,480.00	101,540.00	76,540.00	87,240.00	87,240.00
Weights and Measures .....	4,700.00</									



















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